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Photo: Valerie Penney
Near Thoburn Lake

2000 Highlights

- Real Gross Domestic Product (GDP) growth in 2000 was 5.3%. Growth was led by gains in exports and consumption.
- Personal income grew by 3.7%, the strongest growth since 1991.
- Retail sales grew by 6.4%, aided by tax cuts, wage gains, and strong consumer and business confidence.
- Exports grew to a record $8.2 billion. Growth was primarily driven by increased oil and iron ore production, and higher market prices for crude and refined oil.
- Hibernia oil production increased by 45% to 52.8 million barrels. Production value was estimated at $2.23 billion.
- Construction on the Terra Nova oil project continued. The project employed an average of 1,900 people in 2000.
- The White Rose Development Application was prepared and the front-end engineering contract for the floating production vessel was awarded to a St. John's company.
- A Development Application was submitted for the Port au Port/Garden Hill onshore oil and gas project.
- Boosted by Terra Nova construction, capital investment exceeded $3.2 billion for the second consecutive year.
- Manufacturing shipments exceeded $2 billion for the first time ever. Shipment value increased by 7.9% from 1999 to reach $2.14 billion.

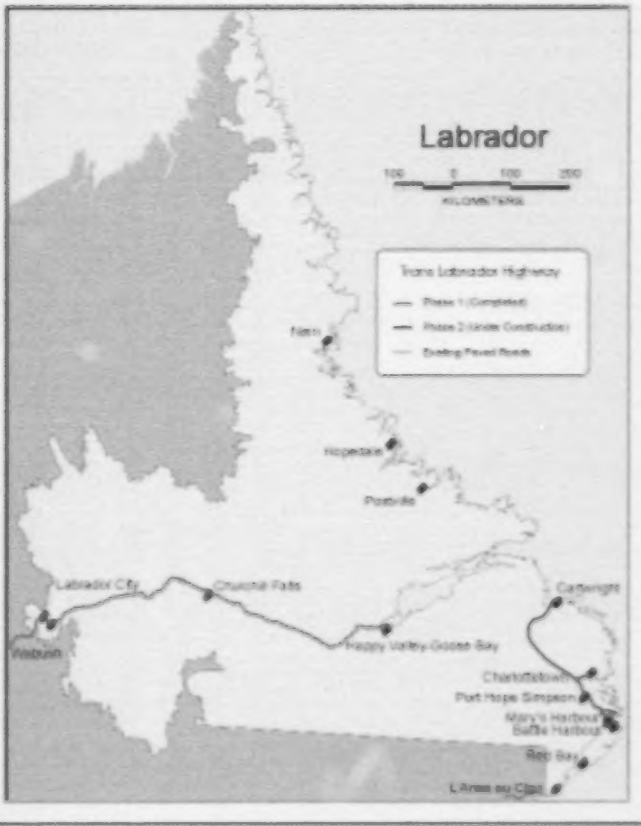
Photo: Gordon C. Slade
View of the Battle Harbour Inn, Labrador

- The volume of fish landings declined marginally from 1999. However, landed value reached a record $580.7 million, and production value exceeded $1 billion for the second consecutive year.
- Newsprint shipments reached a record 807,800 tonnes. Higher volume and market prices allowed shipment value to grow to $676 million.
- The value of mineral shipments grew to $972 million, driven by increased iron ore production.
- Iron ore production grew by 16.9% to its highest level since 1981.
- Aided by the *Vikings! 1000 Years* celebrations and increased Gulf ferry capacity, non-resident tourism totalled a record 426,250.
- Construction of the Trans Labrador Highway from Red Bay to Cartwright continued. The Highway opened north to Mary's Harbour.
- Military activity increased at CFB Goose Bay with the arrival of the Italian Air Force. The number of low level flight training exercises was at its highest level since 1996.
- The unemployment rate declined to 16.7%, the lowest rate since 1990. Employment, for the most part, remained stable.
- Net migration from the Province continued to slow. Population losses last year were the smallest since 1993.
- Three customer contact centre companies announced that they would establish operations in the Province, creating over 1,500 jobs.

Photo: Ben Hammett
Children at play

2001 Expectations

- Real GDP growth is forecast to be 2.0% led by growth in exports and consumer spending.
- Personal income is expected to grow by 3.0% leading to gains in retail sales of 3.2%.
- Terra Nova is expected to commence production: oil production should reach 55 million barrels from Terra Nova and Hibernia combined.
- Review of the White Rose Development Application will continue: the owners hope for project sanction by year end.
- Depending on the results of ongoing evaluation work, a Development Application may be submitted for the Hebron-Ben Nevis oil project.
- Review of the Port au Port/Garden Hill Development Application will continue: the owners hope to have first oil in July 2001.
- Manufacturing shipments are expected to exceed the record value set in 2000.



Map: Economics and Statistics Branch, Department of Finance

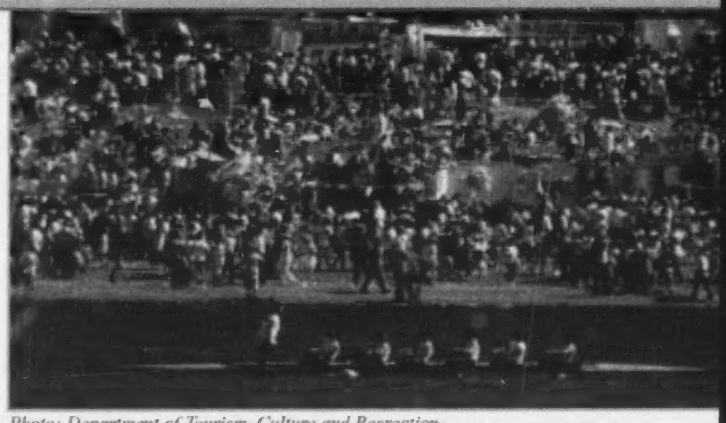


Photo: Department of Tourism, Culture and Recreation
The Royal St. John's Regatta will celebrate its 175th anniversary in 2001

- Fisheries landed volume is expected to grow to 275,000 tonnes. Increased shrimp, scallop, turbot and yellowtail flounder landings are expected to offset possible reductions in crab and cod landings.
- Newsprint shipments are expected to show marginal growth and prices are expected to remain stable.
- Iron ore production is expected to grow modestly despite the current economic slowdown in the United States.
- New mining operations are expected to commence at Hammerdown (gold) and Duck Pond (copper and zinc), adding 150 jobs to the industry once in production.
- Non-resident tourism is expected to continue to grow for the fifth consecutive year, aided by *Receiving the World*, the Marconi centennial celebration and increased cruiseship visits.
- Construction of Phase II of the Trans Labrador Highway will continue. The highway, which is expected to open north to Charlottetown in 2001, will provide significant new economic opportunities in the area.
- Military activity at CFB Goose Bay is expected to increase further with trial deployments by France, Belgium and Norway; infrastructure investment by the Italian Air Force; and an increased presence of the Royal Canadian Air Force.
- Employment is expected to grow by 1.1% to 206,900 and the unemployment rate to decline to 16.2%.
- Population losses are expected to be marginal due to continued declines in net out-migration.
- Investment is expected to top $3 billion for the third year: an overview of major projects is provided at the end of this report.

Global Economic Environment

International

Global economic growth was exceptional last year, the strongest in over a decade. Real Gross Domestic Product (GDP) grew by 4.1% led by strong expansions in North America, Asia and Europe. Developing countries in Asia and South America, rebounding from the 1997-98 recession, grew by 5.3%. Industrial countries continued to grow after posting several years of back to back gains—3.7% growth was realized in 2000. However, most areas appeared to reach cyclical peaks last year and are expected to show more modest growth in 2001.

The World Bank is predicting that global GDP growth will slow to 3.4% in 2001. Growth in developing countries is expected to dip slightly to 5.0%. Moderating consumer demand in the U.S., particularly for automobiles, will slow growth in developed countries to less than 3.0%.

The recent economic downturn in the U.S., a key export market for this province, is of particular concern. The current slowdown has been triggered by several forces including inflation, higher interest rates and credit tightening, which have eroded confidence. The Country is also being impacted by an emerging energy crisis in California which could further lower consumer and business confidence. The U.S. is addressing the slowdown through both monetary and fiscal policy initiatives. Interest rates have dropped by one percentage point (as of March 13, 2001) and are expected to drop by another 0.5 percentage points by mid-year. Tax cuts have also been proposed. The U.S. economy is expected to grow between 2% and 3% in 2001; however, there is significant risk of a recession occurring in the first half of this year.

North American interest rates declining in 2001

Source: US Federal Reserve and Bank of Canada

Growth in Real GDP (%)

	2000	2001f
WORLD	4.1	3.4
Canada	4.7	2.0-3.0
United States	5.0	2.0-3.0
Japan	1.5	1.1
European Union	3.4	2.9
Developing Countries	5.3	5.0
Newfoundland*	5.3	2.0

* Economics and Statistics Branch, Department of Finance.
Source: Various, available on request.

National

The Canadian economy performed well in 2000 with real GDP increasing by 4.7% and employment rising by 2.6%. A strong U.S. economy and higher energy prices boosted exports and expanded the trade surplus. Growing demand for computer-related technology spurred machinery and equipment investment while gains in employment and wages, together with tax cuts, helped fuel growth in consumer spending.

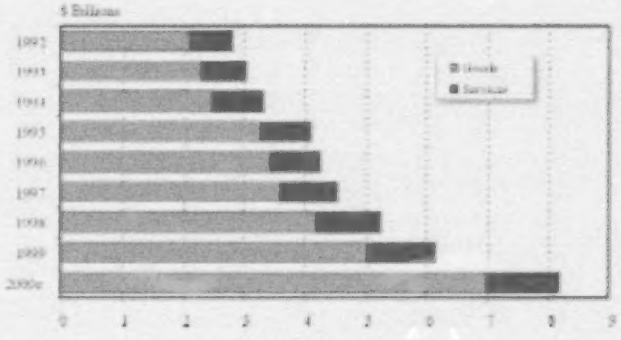
Most private sector forecasters are predicting a GDP gain of between 2% and 3% in Canada this year. However, growth is expected to be sluggish in the first half due to impacts of previous increases in interest rates, higher energy prices, a weakening U.S. economy and reduced confidence. Automobile consumption in particular is expected to drop sharply causing a slowdown in manufacturing. However, recent interest rate cuts, remaining pent-up demand (other than automobiles), and momentum from strong growth in recent years should help economic growth bounce back in the second half of the year. Other factors, including a booming oil and gas industry, rising wages, and tax cuts should also fuel growth.

Provincial Economic Overview

Real GDP grew by 5.3% in 2000, the third consecutive year that growth exceeded 5%. The recent economic gains have been driven by considerable growth in consumer spending, investment in the oil industry, and strong economic performance in key export industries.

Exports accounted for over 60% of GDP growth last year, largely because of gains in oil. Offshore oil production totalled 52.8 million barrels in 2000, up 45% over 1999. Other export sectors also contributed to growth. Iron ore production grew by 16.9% to its highest level since 1981 and newsprint production increased by 11.9% to reach a record high. Additionally, lumber production, non-resident tourism and other service sector exports recorded gains. Tourism benefitted from the *Vikings! 1000 Years* celebrations, resulting in a record of 426,250 visitors to the Province.

Export value almost tripled in less than a decade



e: Department of Finance estimate
Source: Statistics Canada

Selected Economic Indicators 1999-2001f

	1999	2000	2001f
GDP at market prices ($m)	12,110	14,074	14,152
% change	7.8	16.2	0.6
GDP at market prices (92$m)	11,259	11,852	12,083
% change	6.0	5.3	2.0
Personal Income ($m)	10,619	11,009	11,342
% change	2.5	3.7	3.0
% change real	1.0	0.7	0.8
Personal Disposable Income ($m)	8,450	8,868	9,189
% change	2.0	4.9	3.6
% change real	0.5	1.9	1.4
Retail Trade ($m)	4,223	4,495	4,639
% change	7.2	6.4	3.2
% change real	5.9	2.7	1.4
Capital Investment ($m)	3,502	3,218	3,065
% change	26.2	-8.1	-4.8
% change real	26.0	-4.7	-3.2
Labour Force (000's)	246.7	245.6	247.0
% change	4.1	-0.4	0.6
Employment (000's)	204.9	204.6	206.9
% change	5.5	-0.1	1.1
Unemployment Rate (%)	16.9	16.7	16.2
Population (000's)	540.8	538.8	538.7
% change	-0.8	-0.4	0.0
CPI (1992 = 100)	110.0	113.3	115.8
% change	1.5	3.0	2.2
Housing Starts	1,371	1,459	1,533
% change	-5.4	6.4	5.0

Note: f: forecast (Government of Newfoundland and Labrador), March 2001.
Source: Statistics Canada; Canada Mortgage and Housing Corporation; Economics and Statistics Branch, Department of Finance.

Consumer and business confidence have been bolstered by strong economic growth in recent years and this is reflected in increased retail trade. Retail sales grew by 6.4% in 2000, after a 7.2% expansion in 1999. Sales growth has also been driven by wage gains, tax cuts and pent-up demand from the mid-1990s. Personal income increased by 3.7% in 2000. As a result of personal tax reductions, disposable income grew by 4.9%.

Employment remained relatively stable in 2000 after growing by 9.6% over the previous three year period. Job gains were realized in the services sector, driven by increased consumer spending, tourism, business support services, and public service provision. However, these gains were offset by losses in the fishing and construction industries. The unemployment rate declined to 16.7%, the lowest rate since 1990.

Demographics

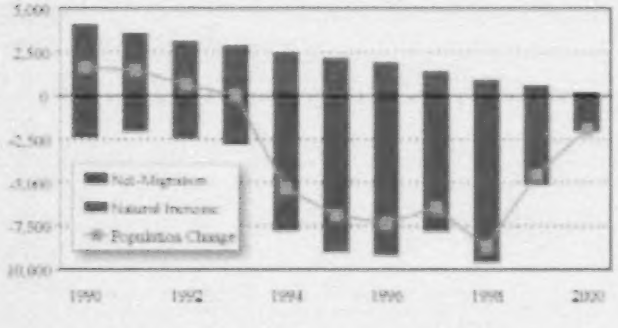
The population as of July 1, 2000 was 538,823, a decrease of about 2,000 from a year earlier. This was the smallest decline since population losses began in 1993. The population appears to be stabilizing as a result of lower net out-migration. Net out-migration slowed to 2,077 for the year (compared to 5,133 in 1999), reflecting the expanding economy and improved job prospects. The natural population increase (births less deaths) continued to decline in 2000, reflecting long-term trends. Births decreased to 4,724 (down 2.4% from 1999) while deaths increased to 4,599 (up 7.1%), resulting in a natural population increase of 125.

Outlook for 2001

Real GDP growth of 2.0% is forecast for 2001, led by growth in exports and consumer spending. Terra Nova will begin production in late 2001—total oil production (Hibernia and Terra Nova) will increase by about 4% in 2001. In addition to final development activity on Terra Nova, preliminary work on White Rose will provide stimulus to the economy. However, the winding up of Terra Nova construction will result in a decline in capital investment of 4.8%.

Tourism will be boosted by *Receiving the World*, the Marconi centennial celebration. This celebration will focus on the historical significance of the first Trans Atlantic wireless signal received in 1901 and on telecommunications advancements over the past 100 years. It will also provide significant international exposure to the Province's information and communications technology industries.

Reduced net-migration resulted in lowest population loss since 1993



Source: Statistics Canada

Photo: Ronalda Steele/Courtesy of Village Mall
Consumer confidence remains high

Employment is expected to grow to 206,900, allowing the unemployment rate to decline to 16.2%. Continued wage growth, coupled with further tax cuts, will result in personal income growth of 3.0% and disposable income growth of 3.6%.

Demographic change will remain an important issue for the Province in the foreseeable future. Within the next year or so, the Province is expected to experience natural population losses (deaths are expected to exceed births). This will mean that to maintain population stability, historic patterns of net out-migration must be reversed. Net out-migration is expected to fluctuate but remain low over the next several years.

A key downside risk at this time is the magnitude of the economic slowdown in the United States. Since the United States is the Province's major export market, general weaknesses in that economy will most likely exert some downward pressure on the demand for local resource exports. However, the severity of the slowdown and consequently the impact on the Province's exports over the medium term remains undetermined.

Strategic Social Plan—Linkages with Economic Development

The 1998 Strategic Social Plan outlines an integrated approach to achieving long-term economic and social development goals for the Province. Recognizing that work and economic security are essential to individual and community wellbeing, the Plan focuses on joint planning between government and regional economic development, education, and health care boards and agencies (six regions are defined for planning purposes). Operating from a *place-based development* model (i.e., creating local solutions for local challenges), the goals are to assist individuals to achieve their potential, support employment and economic security, and achieve community stability.

Linking Economic and Social Policy

Productive and innovative societies are characterized by a high quality of life, and by cohesive economic and social policy development. Economic policies—which focus on capital investment, infrastructure development, labour market training, taxation, the environment, and research and development—create employment; provide incentives for individuals to work, save, innovate and be productive; provide funding for social programs such as education, health care, and income assistance; and provide other supports for those in need.

However, policy linkages can also be made from the other direction. Social policies related to human resource development, labour standards, health care and income distribution play a significant role in attracting investment and fostering private sector development. Social development also contributes to a skilled, creative, and entrepreneurial labour force that generates knowledge, helps communities prosper, and enables the Province to compete in, and take advantage of, global market opportunities.

Case Examples Linking Economic & Social Policy

Wireless satellite technology project - testing high speed Internet access to rural areas via satellite communications with potential applications in business, education, and public service delivery.

Grass Roots project- six television programs designed to motivate community involvement through dialogue at the local level. Communities featured include Bonavista, Change Islands, Grand Bank, Port Hope Simpson, Stephenville Crossing, and Trepassey.

Community capacity building project - a community forum to discuss long-term local development opportunities and generate action plans to support existing and emerging community leaders.

Social and Economic Factors are Interconnected and Interdependent

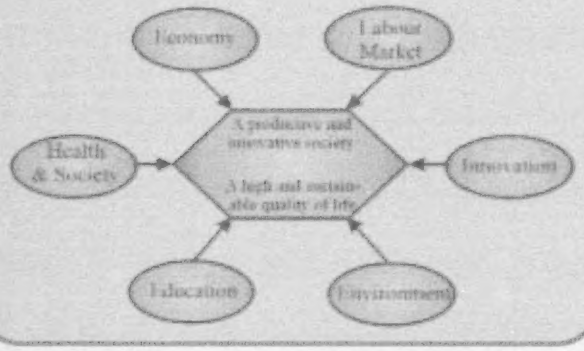


Chart: Adapted from The Conference Board of Canada

In this context, some specific priorities emerging from Strategic Social Plan regional committees include: helping youth make a successful transition from high school to post-secondary education; providing labour market information to youth; supporting and expanding volunteerism; increasing knowledge of regional economic development opportunities; and creating a climate for economic development. Activity in 2001 will focus on these priorities, on continuing to build the Community Accounts economic and social indicators database, and on improved integration of programs and services.

Community Capacity Building

The Plan also seeks to enhance and build community capacity, defined as local leadership, confidence in the future, commitment to the community, and a willingness to work for community wellbeing. Leadership and teamwork, together with positive attitudes and an entrepreneurial spirit, are transferable skills which positively impact on local labour markets.

Oil and Gas

Offshore Development and Production

Hibernia produced 52.8 million barrels of oil in 2000, up 45% from 1999. The value of this production was estimated at $2.23 billion and accounted for 27% of provincial exports. The project owners obtained approval during the year to increase the annual production limit from 50 to 66 million barrels, however, management indicates that it is unlikely that this level will be reached in the short-term due to higher than expected gas/oil ratios. Hibernia's reserves are estimated at 884 million barrels, representing between 17 and 22 years of production at current rates of extraction.

Terra Nova development work continues. The project employed 1,900 on average in the Province during 2000, up from 1,000 in 1999. Oil production was recently re-scheduled to start late this year instead of mid-year as previously expected. The additional time is required for remedial work to address design engineering problems identified in several vessel systems. Production in 2001 is expected to be minimal but reach a peak of 47 million barrels in 2002, pending approval of an annual production limit increase. With about 400 million barrels of recoverable oil, Terra Nova is expected to produce for about 15 years. Its life span could be expanded if delineation drilling in the Far East portion of the field yields positive results.

Outlook for 2001

- First oil from Terra Nova expected by year end. Oil production expected to be about 55 million barrels (Hibernia and Terra Nova combined).
- Review of the White Rose Development Application will continue. Owners expect approval by year end.
- Hebron-Ben Nevis development concept selection will continue with possible Development Application by year end.
- Onshore oil production from Port au Port/Garden Hill expected mid-year.
- Onshore exploration drilling will continue in Western Newfoundland.
- An offshore well will be drilled in the French Economic Zone off the South Coast of the Island, marking the first drilling in this area. The results of this activity could create considerable more interest in this region.
- Offshore seismic data collection will continue at last year's levels.

Activity on the third potential oil development, White Rose, is accelerating. In January 2001, the White Rose partners submitted a Development Application (DA) to the Canada-Newfoundland Offshore Petroleum Board. The plan outlines a development which will yield 230 million barrels of oil. Project management is anticipating sanction by year end and first oil is expected by 2004. This project is discussed in more detail on page 10.

Pending the results of ongoing project evaluation, Hebron-Ben Nevis appears likely to be the Province's fourth offshore oil development. Chevron is the operator of this project which could see the recovery of over 400 million barrels of oil. Current activity includes resource evaluation and assessment of development options. The owners hope to select their preferred development concept and submit a Development Application by year end. First oil could be produced by 2006-2007.

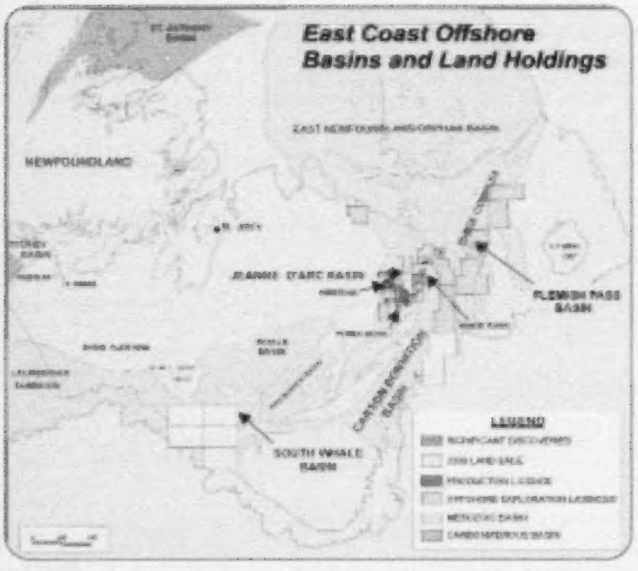
Photo: Terra Nova Project
At 292 metres, the Terra Nova Floating Production, Storage and Offloading (FPSO) vessel is the first of its kind, designed specifically for Newfoundland offshore conditions

Onshore Development

Work continues on the Garden Hill oil and gas development on the Port au Port Peninsula. Canadian Imperial Venture Corporation's development budget for 2001 is between $5 and $10 million. The Company estimates that the Southern portion of Garden Hill may contain between 70 and 130 million barrels of oil equivalent. This project's Development Application is presently under provincial review. Pending government approval, the Company has targetted first oil for July 2001.

Resource Potential

Current oil developments and significant discoveries represent only a fraction of the resource potential that exists in the offshore. To date, 2.1 billion barrels of oil and 5.1 trillion cubic feet of gas have been discovered on the Grand Banks, all in the Jeanne d'Arc Basin. The Canada-Newfoundland Offshore Petroleum Board estimates that this basin together with the adjoining Ridge Complex may contain an additional undiscovered 2.4 billion barrels of oil and 13 trillion cubic feet of gas. The Board is also working to develop potential resource estimates for the deep-water Flemish Pass Basin.



Map prepared by the Department of Mines and Energy
A sedimentary basin is a depression in the Earth's crust in which sediments accumulate. Commercial discoveries of oil are found in sedimentary basins. *(Atlantic Geoscience Society)*

Photo: Canadian Imperial Venture Corp.
Workers at Port au Port #1 well

Industry has been paying increasing attention to deeper water prospects in the Flemish Pass, South Whale and Carson/ Bonnition Basins. Record levels of seismic data collection in recent years, a prerequisite to drilling, are expected to translate into heightened exploration activity over the next several years. Last year, Petro-Canada and Chevron focused their seismic data acquisition efforts in the Flemish Pass. Petro-Canada has stated that it has identified several significant prospects and may drill there next year.

Exploration/Delineation

A renewed interest in the offshore is reflected in higher exploration activity. Over the last four years, $566 million has been spent in exploration/delineation, representing the highest cumulative four-year total since 1989. Exploration work in the offshore last year totalled $160 million and included seismic data collection and the drilling of four wells—two delineation wells (i.e., Hebron and White Rose) and two exploration wells. Onshore, two wells were spudded in Western Newfoundland, near Flat Bay and Deer Lake.

More than $600 million in exploration expenditure commitments over the medium term are registered with the Canada-Newfoundland Offshore Petroleum Board. These amounts represent the exploration expenditure commitments of licence holders for the next five years.

Industry Profile —White Rose

In January of this year, the White Rose partners filed a Development Application (DA) to bring this oil field into production. The process for reviewing this DA involves public consultations, an environmental assessment, review by the Canada-Newfoundland Offshore Petroleum Board, and finally federal and provincial government approval. White Rose's owners are hoping for project sanction by year end and first oil during 2004. The two partners in the White Rose development are Husky Oil Operations Limited (72.5% interest) and Petro-Canada (27.5% interest).

Photo: Gerald Crane/Courtesy of Husky Oil Operations Ltd.
Ongoing White Rose work at Husky's offices in St. John's

Location and Reservoir

White Rose is located about 350 km east of Newfoundland on the eastern edge of the Jeanne d'Arc Basin and is about 50 km from both Terra Nova and Hibernia. The DA is based on the recovery of an estimated 230 million barrels of oil from the Southern Avalon portion of the field over a production life of 14 years. The potential exists to extend the life of the field through the recovery of other oil pools located in the North and West Avalon areas of White Rose—Husky Oil estimates a further 75-119 million barrels of recoverable oil may exist in these areas. Future testing will be required to prove whether these additional resources are economically viable.

Map: Husky Oil Operations Ltd.

White Rose also has considerable quantities of natural gas. Husky Oil estimates that the field has potential reserves of 2.5 trillion cubic feet. However, the Company has stated that initially gas production from the South Avalon White Rose pool will be re-injected for conservation into the North White Rose structure. Furthermore, the White Rose partners have indicated that substantial additional gas resources need to be proven before gas development can occur.

Proposed Development Concept

The White Rose partners intend to develop the field using a floating production, storage and offloading system (FPSO) and subsea well-head structures located in "glory holes". This system is similar to the one used for Terra Nova. The facility will be able to store between 700,000 and 850,000 barrels of oil, representing approximately 8 to 10 days of production. The total cost of the project over its life is estimated at $3.64 billion (2000 constant dollars). About 68% of these costs are capital expenditures.

Between 18 to 25 wells will be drilled—these will include oil producers as well as water and gas injectors. Enough wells (about 10) will be pre-drilled before first oil in 2004 to be able to produce at capacity. This strategy is similar to Terra Nova's and essentially means that the facility will be able to reach maximum production relatively quickly. Semi-submersible drilling units will be used to drill the wells.

The design specifications for White Rose allow for production of between 75,000 and 110,000 barrels of oil per day. The DA indicates a peak production rate of 34 million barrels per year, increasing total oil production on the Grand Banks by about 30% and pushing provincial oil production to more than one-third of Canada's light conventional oil production.

Opportunities for this Province

White Rose will provide significant benefits for the Province over the field life. Since the onset of Hibernia construction in the early 1990s, considerable infrastructure, skills and expertise have been developed thereby allowing businesses and individuals to pursue the growth opportunities offered by offshore oil development. World-class offshore fabrication facilities at St. John's, Marystown/Cow Head and Bull Arm have played a role in previous oil developments and will be competing for White Rose work along with similar international service providers. Labour training requirements will also mean the increased use of established training infrastructure in the Province.

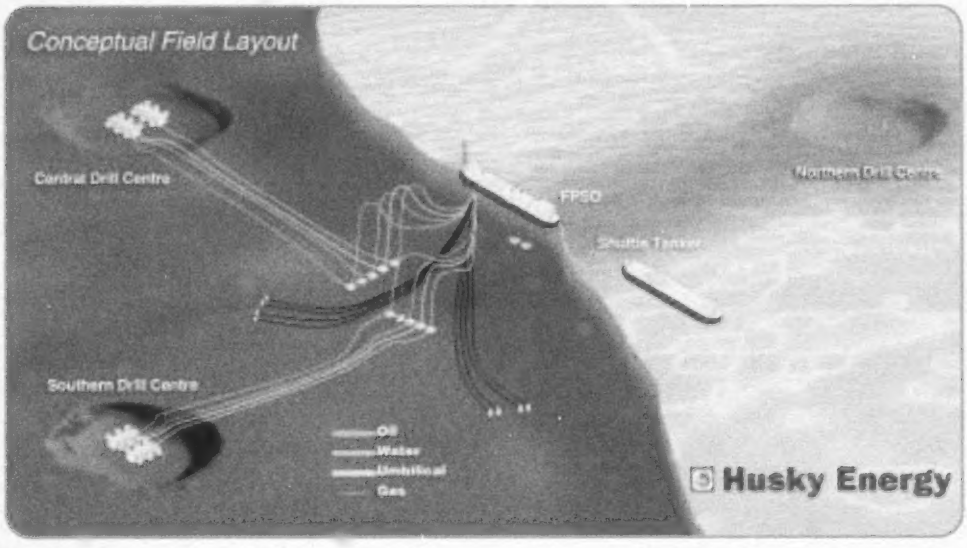
Efforts are being made to enhance local skills in FPSO design through the completion of initial design work within this province. In October 2000, Husky Oil awarded the front-end engineering design contract for the White Rose FPSO to Maersk/Seabase of St. John's. This contract marks the first time that initial design work for an offshore oil development has been based in the Province and represents a technology transfer opportunity.

Direct Employment
White Rose Production Phase

Semi-submersible drilling	150
FPSO	100
Onshore support/administration	45-50
Tanker transportation	40
Supply/standby vessels	30
Helicopter services	5
TOTAL	370-375

Note: Estimated annual employment for the first 4-5 years of production
Source: White Rose Oil Field Development Application

The partners estimate that the production phase of the project will create between 370 and 375 direct jobs, raising direct oil production employment in the Province to over 1,400. In addition, considerable opportunity will exist for ongoing research and development projects, and various procurement contracts for goods and services.



Drawing: Husky Oil Operations Ltd.
Conceptual drawing of first oil production from the Southern Avalon portion of White Rose

Fishery

Fishery performance remained strong in 2000. While the volume of landings was down marginally from 1999, associated landed value reached a record of $580.7 million, driven by higher prices for crab and increased landings of shrimp. Production value remained at over $1 billion for the second consecutive year.

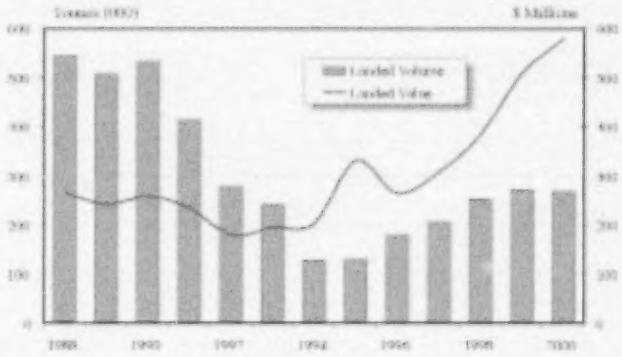
Shellfish

Shrimp landings increased by 18% to 76,600 tonnes in 2000 due, in part, to the opening of a 3L fishery and subsequent increased landings by the inshore fleet (a more in-depth discussion of the shrimp fishery is presented on page 14). Shrimp is now the largest single species harvested in terms of landed volume. Approximately 360 inshore fishers are licensed to fish this species and it is processed at 11 locations. Recent scientific evidence suggests that the biomass remains strong.

Crab landings declined by 18% to 55,400 tonnes in 2000 as a result of lower quotas. Based on scientific evidence, quotas were cut in April 2000. Further quota reductions are possible in 2001, however, landings are still expected to be around 50,000 tonnes, well above the average of 33,000 tonnes over the last decade. Over 3,500 fishers in the Province hold commercial crab licences, exploratory licences or temporary permits. In 2000, 31 plants, employing about 6,500 people, processed crab in the Province.

Photo: Department of Fisheries and Aquaculture
Shrimp vessels at Port aux Choix

Fishery Landings and Landed Values



Source: Department of Fisheries and Aquaculture

Groundfish

Cod landings declined to 31,000 tonnes in 2000 primarily due to a reduced quota in NAFO area 3Ps. Scientific data suggests that the 3Ps biomass may be lower than previously thought. The Fisheries Resource Conservation Council has recommended a quota of 15,000 tonnes for 2001 (down from 20,000 tonnes in 2000). The biomass for cod in other areas, such as 2J3KL, remains at historically low levels and is showing little biological evidence of recovery.

Landings of other groundfish species, including turbot, redfish and flounders, grew by 19% to 38,400 tonnes in 2000. Quota increases are in place for turbot and yellowtail flounder in 2001 given positive results from recent scientific assessments.

Pelagics

Capelin landings declined marginally in 2000 to 21,500 tonnes. Landings of other pelagics, such as herring and mackerel, increased by 20% to 20,200 tonnes.

Employment

Average monthly employment in fish harvesting remained stable at about 8,800 in 2000. Of this, most were involved to some extent in the crab and shrimp fisheries. Processing employment declined to about 6,400 from 8,400 in 1999 due to reduced crab landings, increased market demand for products requiring less processing, and greater processing efficiencies resulting from the use of new technologies. Nevertheless, processing employment in 2000 was at its second highest level since the cod moratorium in 1992.

Investment

Confidence in the fishing industry remains strong. Diversification in recent years has been private sector driven with capital investment since 1998 of about $170 million for technological improvements and capacity enhancements. ($80 million in the harvesting sector and $90 million in the processing sector). Of this investment, about 65% is shrimp related and a further 30% is accounted for by crab.

Photo: Gerry Boland Studio
Crab meat production

Outlook for 2001

- Landed volume is expected to post modest gains (3.0%) to about 275,000 tonnes. Increased scallop, turbot, yellowtail flounder and possibly shrimp landings are expected to offset possible reductions in crab and cod quotas.
- All major fisheries are expected to begin on time.
- Production value could decline due to lower crab landings and lower market prices for principal species.
- Although some downward pressure could be exerted on crab and shrimp prices, markets are expected to be stable for most other species.
- Employment in the industry is expected to remain stable.
- Aquaculture output is expected to grow, driven by higher mussel production and marketing campaigns.

Quality Assurance Program

Government and industry remain focused on improving product quality. Quality workshops on snow crab and shrimp were held throughout the Province this past year under the direction of a joint government/industry quality working group. As well, an additional 13 inspection officers were hired by the Department of Fisheries and Aquaculture and a pilot dockside grading program for codfish was introduced by industry.

Markets

Preliminary indications suggest that market prices and demand in 2001 could be tempered by economic slowdowns in the United States, Japan and Europe. Furthermore, global supplies of key shellfish species—crab from Greenland and Alaska, and shrimp from other parts of Atlantic Canada, Oregon, Greenland and the Barents Sea—are expected to increase and put downward pressure on prices. In this environment, industry and government initiatives are focused on improved product quality, removal of trade tariffs (e.g., a 20% shrimp tariff into the European Union), and promotional campaigns targetted to increase market share.

Industry Profile: Shrimp

Fisheries Diversification

Significant industry change has occurred since the 1992 cod moratorium. Prior to the moratorium, shellfish accounted for less than 10% of total fish landings in the Province and less than 30% of total landed value. In 2000, shellfish dominated the industry, accounting for almost 60% of total landings and more than 75% of landed value.

By volume, shrimp is the largest species in the shellfish sector (followed closely by crab). Between 1991 and 2000, the landed volume grew from 10,600 tonnes to 76,600 tonnes, and landed value grew from $21.7 million to $168 million.

Development of the Shrimp Fishery

Prior to 1997, the northern shrimp fishery was offshore-based. Offshore landings (i.e., landings harvested by licence holders from the Province) increased from less than 5,000 tonnes in the late 1970s to about 16,000 tonnes by 1996, and to almost 27,000 tonnes in 2000.

Since 1997, the inshore shrimp fishery has undergone significant expansion and diversification. Total inshore landings in the northern and Gulf areas increased from about 4,000 tonnes in 1996 to over 49,600 tonnes in 2000.

Photo: Department of Fisheries and Aquaculture
Shrimp processing

Total Shrimp Landings and Landed Value

Source: Department of Fisheries and Aquaculture

Efforts to ensure product quality have accompanied growth in the inshore shrimp fishery. Harvesters use trip limits (i.e., maximum catch per trip) to maintain quality, and adhere to multi-year management plans as a means to ensure long-term sustainability of the shrimp fishery. In both the offshore and inshore fishery, bycatch (i.e., fish not intended to be harvested) is limited through the use of innovative and locally developed net technologies such as the Nordmore Grate.

Prices paid by processors to harvesters are set using a Final Offer Selection (FOS) price setting model. The FOS model was enacted in legislation in 2000 and is subject to industry review in two years. It has ensured a timely start and orderly conduct of the fishery every year since its inception in 1998.

Eleven plants, employing over 1,200 workers, are licensed to process shrimp, and a twelfth facility is under construction. Inshore shrimp are cooked and peeled, and are marketed in the United States and Europe. European tariffs on Canadian product, which negatively affect the ability of local processors to compete in that market, remain an outstanding issue. While a 4,000 tonne allowance is in place, talks are ongoing in an effort to further reduce trade impediments of this nature.

Community Profile—St. Anthony

http://stanthony.hypermart.net

Community Profile

Founded as a seasonal fishing station in the 1500s, the town was originally named St. Anthony Haven by Jacques Cartier in 1534. The town has benefitted from a variety of diverse industries over the past century, including the Sir Wilfred Grenfell health mission, a U.S. defence station (1951-71) and the fishery. Fishery Products International operated an offshore plant in the town from the 1950s until the 1992 cod moratorium was imposed, and employed over 800 people at peak production.

A Diversified Economic Base

Today, the cornerstone of St. Anthony's economy continues to be the fishery. However, tourism, retail trade, and public services contribute to economic activity as well. Fish processors include St. Anthony Seafoods Ltd. (a core plant processing most species except crab) and Chianti Food Processing Inc. (processing squid only). St. Anthony Seafoods is owned, in part, by St. Anthony Basin Resources Inc. which holds an annual northern shrimp quota of 3,000 tonnes. Employment at these plants averages between 300 and 400 annually.

Tourism attractions include Grenfell-related museums, exhibits and attractions; the nearby L'Anse aux Meadows UNESCO World Heritage and National Historic Site; and iceberg viewing (St. Anthony markets itself as being on the edge of Newfoundland's iceberg alley). The region has gained considerable exposure internationally as a result of the *Vikings! 1000 Years* celebrations. Twenty-two cruiseship visits were recorded in St. Anthony and L'Anse aux Meadows over the past two years and another 14 cruiseship visits are expected in 2001.

Community Indicators

	Town	Province
Population (1996)	3,105	551,795
Population Components[1] (1996)		
School Age Children	21%	21%
Prime Labour Force (ages 20-54)	53%	53%
Seniors	11%	11%
Education Attainment[2] (1996)		
Completed post secondary	39%	40%
High school/some post secondary	17%	15%
Less than high school	44%	45%
Income (1998)		
Median personal income	$16,700	$14,700
Average family income	$40,600	$36,500

1. Selected population components only.

2. Educational attainment of the population age 15+.

Source: Community Accounts database

Private sector activity is broadly-based with modern accommodations, restaurants, car and snowmobile dealerships, a community newspaper, and trailer parks in the surrounding area. Over 15,000 people live within a two hour commute of St. Anthony, making it the largest local service centre on the Great Northern Peninsula. The construction of the Trans Labrador Highway should benefit the area as well.

Public sector infrastructure includes the Curtis Memorial Hospital, a regional airport and new port infrastructure (including a 500 metre wharf). Coastal Labrador ferries servicing communities north to Nain are also based out of St. Anthony.

Photo: William Mahood
St.Anthony, Newfoundland

Tourism

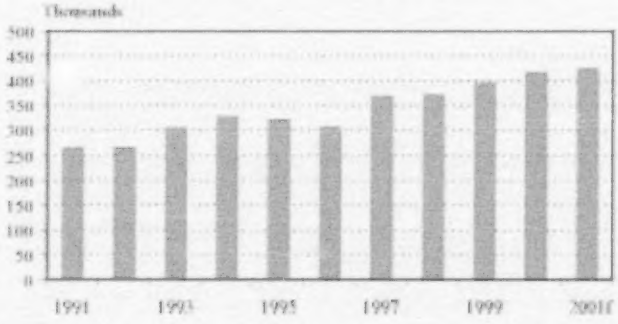
Tourism posted another solid performance in 2000 with total visitors (auto, air and cruise) reaching a record 426,250, up 3.2% over 1999. Associated spending was about $290 million, compared with $263 million a year earlier. Including resident tourism, tourist expenditures in the Province total more than $600 million per year.

The number of visitors has increased considerably over the past several years. This upward trend is due to a number of factors including: well planned special celebrations (the most recent being *Vikings! 1000 Years*) which have heightened awareness of the Province as a tourism destination; new and enhanced infrastructure including expanded ferry capacity on the Gulf crossing and the construction of the Trans Labrador Highway; aggressive promotion of the Province as a cruiseship destination; continued advances in service quality; and an increase in the variety of available tourism experiences. The success of these efforts is evident in the statistics: the number of visitors to the Province has risen by close to 40% over the past five years.

Vikings! 1000 Years

The *Vikings! 1000 Years* celebrations was a major contributor to tourism growth in 2000. Visitation to L'Anse aux Meadows National Historic Site, the focal point of the celebrations, grew by more than 14% to over 32,000. The celebrations were marked by the arrival of the *Islendingur*, a replica Viking longship from Iceland. A model Viking village, Norstead, was constructed near the site which allowed visitors to experience the foods, crafts and skills of the Viking era. Another key attraction of the celebrations was *FULL CIRCLE: First Contact*, a travelling exhibit displaying 300 Nordic and Aboriginal artifacts, Viking legends and artistry. This exhibit hosted close to 14,400 visitors and will tour museums throughout North America until 2003.

Visitors to the Province Travelling by Air and Automobile



Source: Department of Tourism, Culture and Recreation

Cruiseship Industry

The cruiseship industry has experienced considerable growth in recent years due to aggressive marketing efforts. Last year there were 66 port of calls resulting in almost 15,000 passenger visits. Associated spending was estimated to be in excess of $2 million. The number of port of calls expanded by 10% from 1999. However, the increased use of smaller vessels for expedition cruising resulted in a drop in the number of passengers from the record 22,500 visits recorded in 1999.

St. John's was the most popular stop in 2000 accounting for 17 port of calls and about 50% of the passengers: the remaining stops were shared among 18 communities. Activities during the year expanded to include home-porting: three cruises

Photo: Department of Tourism, Culture and Recreation
Labrador - The Big Land - is a huge wilderness accessible by road, boat and air

originated in St. John's and circumnavigated the Province. In addition to marketing efforts, St. John's has benefitted considerably in recent years from the widening of the harbour entrance and a refurbishment of the cruiseship pier.

Transportation Infrastructure

Tourism growth is being aided by enhanced transportation infrastructure. Capacity on the Gulf ferry service increased last year with the addition of the HSC *Max Mols*. This ferry resulted in more crossings and contributed to an overall increase of 6.5% in passenger traffic. Capacity on the Strait of Belle Isle ferry linking Newfoundland with Labrador also increased through the introduction of a larger vessel, the MV *Apollo*. Passenger traffic on this crossing increased by almost 13% in 2000.

The expansion of the Labrador highway system is encouraging tourism growth for many communities along the Southern Labrador Coast. Construction of Phase II of the Trans Labrador Highway is ongoing, and access is now available north to Mary's Harbour. This phase, scheduled for completion in 2002, will ultimately link communities from Red Bay to Cartwright (a map of this highway is on page 3).

Air infrastructure is also improving with the $48 million renovation of the St. John's International Airport scheduled for completion in 2002. Renovations include runway reconstruction (completed), construction of a larger terminal building (including improved international arrival facilities and more commercial areas), and enhanced access and parking.

Outlook for 2001

- *Receiving the World*, the Marconi centennial celebration is expected to promote continued growth in tourism.
- Capacity on the Gulf ferry will increase as the MV *Stena Challenger* replaces the HSC *Max Mols*.
- Record cruiseship visits are expected: 100 port of calls planned; expansion of home-porting expected.
- Expansion of the Trans Labrador Highway is expected to provide new growth opportunities.
- Additional high-end hotel facilities expected to come on stream.

Receiving the World, Marconi Centennial Celebration

This year marks the 100th anniversary of Guglielmo Marconi receiving the first Trans Atlantic wireless signal from Poldhu Cove, England to Signal Hill, St. John's. With the theme *Receiving the World: 100 Years of Wireless Communications*, the Province will promote Newfoundland and Labrador's developments and capabilities in the information technology sector, with particular emphasis on global communications.

In addition to an international wireless congress in September, highlights of the celebration will include: a program of public and private sector industry events showcasing the Province's global profile in advanced technology; education and tourism events; and an exhibit and interpretation program.

Photos: PANL (bo1-91); Marconi Portrait, PANL
Marconi: government officials and VIPs on steps at Cabot Tower, Signal Hill, 1901. Insert: Guglielmo Marconi

Industry Profile: Cultural Heritage Industries

The development of Newfoundland and Labrador society has been influenced predominately by Aboriginal and European cultures, and the environment. Cultural heritage assets are generally linked to historic and archaeological sites, museums, archives and other unique places and buildings that have played an important role in the development of the Province's cultural distinction. Heritage activities are generating more employment and income than ever before as society continues to recognize and value its history and cultural heritage symbols. For example, a renewed interest in genealogical research draws many individuals from other parts of Canada and the U.S. to this province to trace their roots back to the immigration of Europeans over 400 years ago.

Heritage attractions are becoming an increasing part of the Province's tourism product and an important contributor to regional economies. The Museum Association of Newfoundland and Labrador reported that in 1999 over 100 community museums received more than 200,000 visitors.

Special promotions, geared to highlight key historical events, have proven to be highly successful in increasing tourism visitation. This year, for example, the Province will celebrate the 100th anniversary of Guglielmo Marconi's receipt of the first Trans Atlantic wireless signal at Signal Hill.

Photo: Gordon C. Slade
Cookhouse/Bunkhouse, Battle Harbour

In response to increasing demand, the number of local heritage attractions and activities (which register one million visits annually) is growing through the development of interpretative exhibits, living interpretation, and restored heritage buildings. Archaeology sites and active digs provide visitors with additional opportunities to witness history being uncovered and are increasingly popular. Profiled below are two successful examples of this growing segment of the economy.

Colony of Avalon

Located along the south eastern portion of the Avalon Peninsula, the Colony of Avalon features an active archeological dig of an early 17th century colony. This site is one of the best preserved colonial sites of early British North America with over one million artifacts uncovered to date. Site visitation has increased by an average of 25% per year, reaching almost 17,000 in 2000. The Colony plays a key role in the region's tourism infrastructure and is a significant tourism attraction.

Battle Harbour

Battle Harbour, Labrador, which dates to the 1770s has been restored and is an excellent example of a past way of life that revolved around the early fishery. This site was once the economic and social centre of the Labrador coast. Today, it has been designated as one of 15 National Historic Districts in the Country. Many historic structures, walkways and work areas have been restored and a collection of more than 300 artifacts is on display.

Efforts are now being focussed on marketing the site. In recent years, an average of close to 2,000 visitors have come to Battle Harbour. Visitation is expected to grow in the near future with the extension of the Trans Labrador Highway to Mary's Harbour (see map on page 3). Last year, three cruiseship port of calls were made at Battle Harbour; in 2001, this figure is expected to increase to eight.

Construction

Construction activity remained strong in 2000. Total construction investment is estimated at $2.1 billion, the fourth highest level on record. The oil industry accounted for just over one-half of this total. Construction employment averaged 10,900 in 2000, down 6.2% from 1999. However, employment remains above the 1995-1999 average of 10,300.

Residential Construction

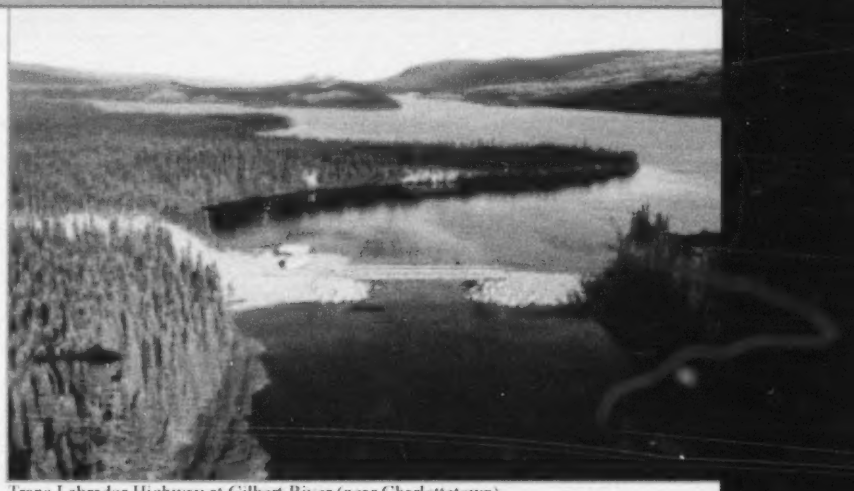
There were 1,459 housing starts in 2000, up 6.4% from 1999 and the strongest growth since 1996. Housing starts in St. John's increased by 15.9% to 935, however, starts in the remainder of the Province declined by 7.1% to 524. Single detached units accounted for 90% of total starts in the past two years compared with the long term average of about 70%. This shift is generally positive as construction of single detached units generates more economic activity per unit than multiple unit projects.

Non-Residential Construction

Private sector investment was high in 2000, aided by Terra Nova construction and a wide range of commercial and retail projects. Public sector investment included the Mile One Stadium and the St. John's Convention Centre; hospital, school and municipal works programs; road construction (e.g., Trans Labrador Highway); and renovations at the St. John's International Airport.

Outlook for 2001

- Total private and public sector construction investment will be about $2.3 billion.
- The Province will tender capital projects (hospitals, schools, roads, municipal works) of about $200 million.
- Development work for Terra Nova will be completed.
- Preliminary design work on White Rose will continue.
- Phase II of the Trans Labrador Highway will be completed north to Charlottetown (see page 3).
- The Mile One Stadium and convention centre at St. John's will open.
- Construction will continue on a $40 million facility to house the provincial museum, art gallery and archives—"The Rooms".



Trans Labrador Highway at Gilbert River (near Charlottetown)
Photo: Department of Works, Services and Transportation

St. John's Harbour Reconstruction

The Port of St. John's services ships engaged in commercial cargo transport, fisheries, cruiseship activity and offshore oil activity. The St. John's Port Authority estimates that the Port generates $180 million in economic activity per year and creates 2,500 direct and spin-off jobs. One of the Port's largest commercial carriers, Oceanex, expects its volume of business to rise in 2001, building on a record year in 2000.

Major infrastructure improvements have been made at the St. John's waterfront in recent years. For example, in support of offshore oil activity, $7.5 million was invested to upgrade the A. Harvey and Co. Offshore Supply Base and $3.1 million was spent on upgrading the Marine Institute's safety training facilities. As well, over $2.0 million was invested to upgrade the Oceanex terminal buildings and over $500,000 was spent to upgrade infrastructure at Pier 11 in support of the cruiseship industry.

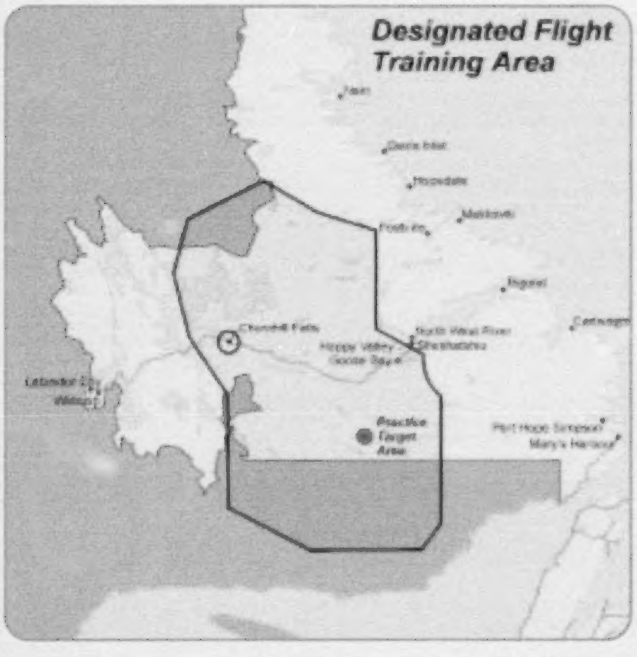
The Port Authority also intends to develop two other areas over the near term. Pier 17 (near the harbour entrance) will be rebuilt, at a cost of $10 million, for general service and offshore oil support; and private sector proposals are being sought to develop Pier 7 (near the Murray Premises) as a tourism and hospitality centre.

Industry Profile: Low Level Flying

Background

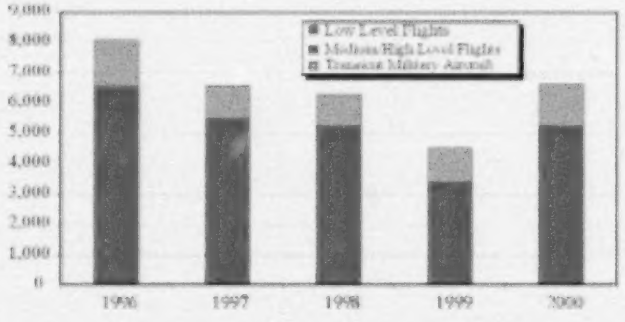
Canadian Forces Base (CFB) 5 Wing Goose Bay was founded by the Canadian and U.S. military forces and played an important and strategic role during World War II as a refueling base for aircraft en route to Europe. Goose Bay met several key criteria for such a base: it is on the main flying path to Europe; the area is generally fog-free; and it has a nearby harbour suitable for deep sea shipping. Between 1942 and 1945, over 24,000 Canadian and U.S. aircraft landed at Goose Bay on their way to Europe. U.S. military activity remained high in the 1950s and 1960s, and at peak, over 12,000 personnel were stationed at the Base. The U.S. terminated its strategic air command operations at Goose Bay in 1976 and ceased all operations in 1991.

Today, CFB Goose Bay is world renowned as an area for low level flight training and interest is rising. Flight training at Goose Bay dates back to the 1950s when the Royal Air Force began low level flying at the Base. In 1981, the German Air Force began operations at Goose Bay. Increasing interest in low level flying at Goose Bay led Canada to sign a



Map: Department of National Defence

Military Flights 1996 - 2000



Source: Department of National Defence

Multinational Memorandum of Understanding (MMOU) in 1986 with the United States, United Kingdom and Germany. This MMOU provided the authority for low level flying in the area by NATO partners, and committed participants to long-term arrangements at the Base. The Netherlands signed the MMOU in 1987.

The 1986 MMOU was renewed in 1996 for another 10 year period with the United Kingdom, Germany, and the Netherlands. The current memorandum allows for up to 15,000 low level and 3,000 medium/high level training flights annually. Italy signed the memorandum in 2000. France, Belgium and Norway have indicated they will conduct trial deployments at Goose Bay in 2001.

What is Low Level Flying?

Military flight training includes flying at low altitude to simulate certain defence procedures. Military analysts indicate that in recent international tensions (e.g., the Gulf War and Kosovo Crisis) low level flights were essential. To practice these skills, military aircraft fly at altitude as low as 100 feet above terrain level and practice dropping non-explosive bombs at a controlled target range.

The Québec-Labrador Peninsula is an ideal location for low level flying, due to its low population density and vast unpop-

ulated areas. In fact, there is one interior flight training area covering about 130,000 km² of which 100,000 km² can be used at any given time.

The Institute of Environmental Monitoring and Research

As part of the negotiation process for the 1996 Memorandum of Understanding, the Department of National Defence (DND) established the Institute of Environmental Monitoring and Research. The Institute is an arms-length agency which is intended to review the environmental impacts of low level military training and conduct related research projects. The Institute is chaired by a biologist at the University of Moncton. Other members are appointed by local committees, development associations and aboriginal groups in Labrador and northern Québec. It is anticipated that the Institute's role will expand as more projects (e.g., ecological knowledge and the effects of noise) are undertaken.

Economic Benefits and Impacts

A report commissioned by the Institute indicated that CFB Goose Bay directly employed about 487 Canadians in 1999 at a total payroll of $21.0 million. Allied air forces maintained 245 permanent positions, and about 8,000 transient personnel were stationed at Goose Bay. It is estimated that activity at CFB Goose Bay generates (including spin-offs) 1,728 person years of employment, $90.1 million in provincial GDP, and $28.5 million in government revenue.

Employment and Expenditures at CFB 5 Wing Goose Bay, 1999

	Employment (Person years)	Salaries $million
DND personnel	91	6.7
Civilian (public and private sectors)	84	2.5
SERCo (operations and maintenance)	312	11.8
Allied permanent personnel	245	7.3
Allied transient personnel (actual number)	8,000	4.4
Operations, maintenance and construction (total cost)		43.4

Source: AMEC Earth and Environmental Inc. and Gardiner Pinfold Consulting Economists Ltd. for the Institute for Environmental Monitoring and Research, October 2000

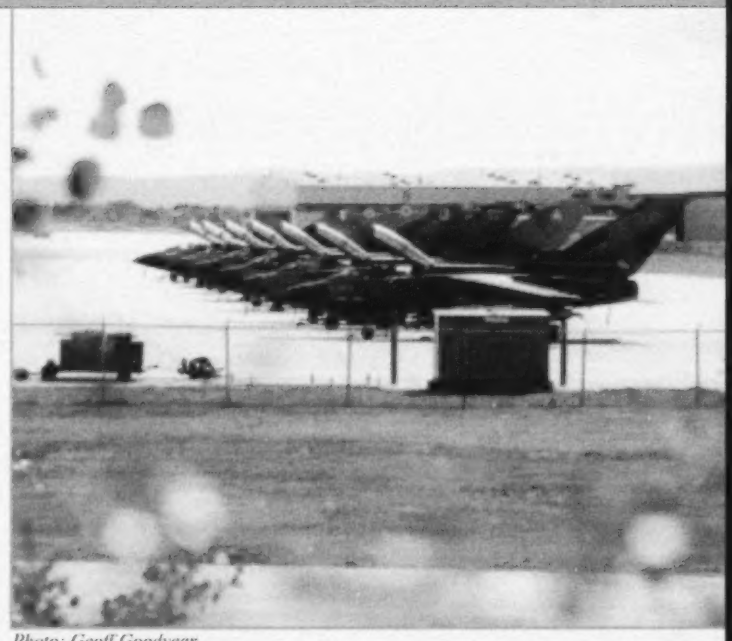


Photo: Geoff Goodyear
German Luftwaffe Tornados on the South Ramp at 5 Wing following a Trans-Atlantic flight April 2000

Looking Forward

Activity at CFB Goose Bay is expected to increase in the future. The signing of the memorandum by Italy; the possibility of continued training by new participants after their 2001 trial deployment; potential of new activities (e.g., supersonic flying, helicopter training, and winter survival training); an increased presence of the Royal Canadian Air Force; and a stable labour environment should allow for increased military expenditures over time.

Italy is expected to invest about $20 million in a new hangar, accommodations and related facilities in 2002/03 to support its flight training program. It is expected that the DND will commence negotiations in early 2004 to renew the international agreement to allow for continued military activity at CFB Goose Bay beyond 2006, when the current memorandum terminates.

Community Profile—Happy Valley-Goose Bay

www.happyvalley-goosebay.com

Community Profile

Due to its strategic location, Goose Bay was established as a Royal Canadian Air Force Station in 1942. The U.S. Air Force established a presence at Goose Bay at the same time. Happy Valley grew as a nearby civilian community. Given their proximity to each other and growth in subsequent years, the two towns were amalgamated in 1975. While U.S. activity at the Base declined after 1976, flight training activity increased significantly, resulting in the signing of a Multinational Memorandum of Understanding (MMOU) in 1986 (see page 20). The demographic profile of the town is the most diverse in the Province, consisting of Canadians, Aboriginals (Inuit, Innu and Métis), Europeans (British, Germans and Dutch) and Americans.

The *Gateway to the North*

Happy Valley-Goose Bay is strategically located with respect to northern air routes between Western Europe, the Arctic and North America. It is an established venue for international low level flight training and, because of its high quality infrastructure, is an alternate NASA Space Shuttle landing site.

Consumer and business confidence in the town is high due to the renewal of the 1986 MMOU in 1996; the arrival of the Italian Air Forces in 2000; potential development of Voisey's Bay and the Lower Churchill; upgrading of the Trans Labrador Highway; and changes to Base management by the Department of National Defence (DND). In 1997, DND outsourced maintenance and support functions of the Base to a private sector service provider (SERCo). While some job losses were incurred, this move strengthened the local private sector, reduced overall Base costs, improved productivity, and Goose Bay's ability to compete.

Community Indicators

	Town	Province
Population (1996)	8,655	551,795
Population Components[1] (1996)		
School Age Children	23%	21%
Prime Labour Force (ages 20-54)	59%	53%
Seniors	4%	11%
Education Attainment[2] (1996)		
Completed post secondary	48%	40%
High school/some post secondary	13%	15%
Less than high school	39%	45%
Income (1998)		
Median personal income	$20,900	$14,700
Average family income	$47,900	$36,500

1. Selected population components only.

2. Educational attainment of the population age 15+.

Source: Community Accounts database

The town is the termination point for the Trans Labrador Highway linking central Labrador to Labrador West and is the only location in Labrador containing high quality road, sea and air infrastructure. The town serves as a vital link for marine service to the coast of Labrador as well as for mining exploration, fisheries and tourism in the region.

Happy Valley-Goose Bay offers a range of commercial, professional and government services and is a participant in Smart Communities Program of Industry Canada (Smart Labrador: Technology on Top of the World). As well, Memorial University maintains a research and communication institute (the Labrador Institute of Northern Studies) in the town.

Photo: Town of Happy Valley-Goose Bay

The Amaruk Golf and Sports Club at Happy Valley-Goose Bay. This 9-hole golf course is one of two in Labrador.

Manufacturing

Manufacturing shipments for 2000 were $2.14 billion, a 7.9% increase from 1999 and the first time shipment value exceeded $2 billion. Total employment fell by about 2,000, the result of declines in fish processing caused by reduced crab landings, changing market demands and increased technologies and efficiencies. Excluding fish processing, employment remained stable at 9,600.

Outlook for 2001

- Total manufacturing shipment value is expected to post moderate gains.
- Manufacturing employment is expected to remain stable at about 16,000.
- Aerospace and defence activity is expected to grow, with the start of several important projects.

Aerospace and Defence Industries

Small and medium sized manufacturers in the Province have carved a successful market niche through the exploitation of federal procurement opportunities and participation in large projects as sub-contractors. In less than a decade, the local industry has grown from a few companies to over 30 firms, 600 workers and $20 million in related business revenue.

These firms have a track record of technological innovation, efficient networking and an ability to adapt to market changes. They embrace a wide range of manufacturing and service areas that include the development, production and maintenance of commercial and military aerospace products, and products and services for marine and land-based applications.

Working with the Newfoundland Association of Technical Industries, government is actively promoting local capabilities by facilitating strategic alliances with large national and international companies and by identifying future business opportunities in these sectors. Three highly successful local firms are profiled below.

Northstar Network recently signed a Memorandum of Understanding with Lockheed Martin Canada to pursue industrial benefits opportunities on the federal government's $2.8 billion Maritime Helicopter Program. Northstar Technical Inc., an affiliate of Northstar Network, is currently manufacturing submarine control consoles for Lockheed Martin. The value of the contract is $2.9 million.

NewTech Instruments, established in 1986, has grown to over 130 employees. Among other things, it currently provides over $4 million worth of instrument control panels for light terrain military vehicles. NewTech has been aggressive in pursuing other industrial opportunities and is committed to a long-term relationship with their business clients.

Canadian Helicopter Corporation (CHC) Composites recently secured a $9.5 million contract to manufacture advanced composite and bonded-metal parts for Canada's new fleet of AW520 CORMORANT search and rescue helicopters.

Photo: CHC Helicopter Corporation

Technicians at CHC Composites' 6,500 m² aerospace component manufacturing facility in Gander cut and assemble material in the Clean Room

Industry Profile: Customer Contact Centres

The Global Perspective

One of the fastest growing industries in North America is the customer contact industry. Customer contact centres, which evolved from the call centre concept, utilize telephone and web-based technologies to enable companies to increase customer contact, consolidate operations, provide more efficient service, increase marketing efficiency, and expand market coverage. Customer contact centres may be in-house (i.e., companies that establish centres to market and service their products and/or services) or be independent companies which represent and provide these services on behalf of other companies.

Customer contact centres are classified as inbound, outbound, or both. Inbound centres include customer service, ordering systems, help desks and technical support. By contrast, outbound centres are used for conducting activities such as market research, direct selling and post-sales calls.

Industry surveys indicate that customer contact centres account for over 3% of total employment in North America and over US$1 trillion in sales. Customer contact centres are used by over 85% of Fortune 500 companies.

A variety of skill levels is needed by these centres, depending on the complexity of the job. Employees may require university degrees or technical diplomas, while others may require only a high school diploma. All occupations, however, require certain fundamental skills including strong oral communication and solid interpersonal skills.

Photo: NETWORK Newfoundland and Labrador
NewTel, an Aliant company, employs almost 200 agents

The Provincial Industry

The local customer contact industry has recorded significant growth over the last several years with 16 centres (i.e., minimum 15 seats) operating or planned for opening in 2001. Nearly 2,000 new jobs have been created in the Province since 1995 bringing total industry employment to nearly 3,000. Total wages and salaries are estimated at over $55 million annually and the industry currently accounts for about 0.5% of provincial GDP.

Customer contact centres in the Province are operated by local firms, the federal and provincial governments, and by U.S.-based multinational companies. Local centres provide telecommunications, financial, insurance, medical, hospitality, retail, government and other services. For example, Anthony Insurance and Johnson Insurance utilize in-house centres to market their products and Human Resources Development Canada maintains a centre to respond to EI queries. Employment opportunities are broad-based and include sales and customer service representatives, market researchers, and technical support staff, as well as management, human resources and administrative support positions.

Banner Year 2000

Three multinational companies announced in 2000 that they would establish customer contact centres in Newfoundland and Labrador.

Convergys Corporation, a Cincinnati-based provider of billing and customer care services, established a centre in St. John's to handle inbound customer service applications for major U.S. clients. Convergys operates 48 centres worldwide and employs over 45,000 people. The Company expects to employ 1,000 agents at its St. John's centre.

Hospitality Marketing Concepts, a California-based firm, announced in December 2000 that it will establish a customer contact centre in Gander employing approximately 200 agents. With 14 customer contact centres in the U.S. and six centres in Canada, this firm markets hotel club membership programs under the "Clubhotel logo" on behalf of more than 475 prestigious hotel chains in more than 250 cities worldwide, including Rome, New York and Hong Kong.

Photo: Convergys Corporation
Convergys Corporation's web enabled customer contact centre in St. John's

Customer Client Centres (minimum 15 seats)

Company/Organization	Location
National/International Ownership	
Cabot Call Centre	St. John's
Convergys Corporation	St. John's
Fonemed Canada	St. John's
Hospitality Marketing Concepts*	Gander
ICT Group*	Corner Brook
Provincial Ownership	
Anthony Insurance	St. John's
Cable Atlantic	St. John's
Johnson Insurance	St. John's
Newfoundland Power	St. John's
NewTel	St. John's, Gander
Omnifacts Research	St. John's
Protocall	Mount Pearl
Telelink	St. John's
Federal Government	
Canada Customs and Revenue Agency	St. John's
Human Resources Development Canada	St. John's

** to open in 2001*
Source: NETWORK Newfoundland and Labrador; data current to February 2001.

The ICT Group, a Pennsylvania-based firm, also announced in December that it will establish a customer contact centre in Corner Brook to market financial products and services to the United States market. The Company, which employs over 7,500 people worldwide and operates more than 40 customer contact centres in Canada, the U.S., Australia and Europe, intends to employ over 300 agents in the Province.

In partnership with NewTel, an Aliant company, the Province is actively promoting Newfoundland and Labrador as a prime location for new and expanding customer contact centres. This partnership, NETWORK Newfoundland & Labrador, provides one-stop assistance and turn-key customer contact solutions and has aided in the creation of over 1,800 new jobs.

Looking to 2001

Continued growth in this industry is anticipated in 2001. Factors such as a skilled labour force, a competitive cost environment, and state-of-the-art telecommunications infrastructure are allowing Newfoundland and Labrador to compete successfully in this global industry.

Forestry

Forestry posted a good year in 2000 with both the volume and value of newsprint exhibiting strong gains. Lumber production also increased, although export prices declined dramatically in the latter half of the year.

Newsprint

Strong newsprint markets and higher prices resulted in record production of 807,800 tonnes in 2000, an increase of 11.9% from 1999. Production previously peaked in 1997 at 740,900 tonnes.

Newsprint from the Province's three mills is exported to around 50 countries. Most recent data indicates that close to 40% of production is exported to the United States and about 30% to countries in Europe. Other countries in Asia, Africa, and Central and South America account for the balance of exports.

The estimated production value in 2000 was $676 million, 24% higher than 1999. This increase was driven by gains in both quantity and price. Newsprint prices averaged US$564 per tonne in 2000, up 11% from 1999. Prices increased from US$510 in early 2000 to US$610 per tonne by September. Newsprint continued to trade at US$610 per tonne through to March 2001.

Photo: Town of Grand Falls-Windsor
Abitibi-Consolidated newsprint mill at Grand Falls-Windsor

Outlook for 2001

- Newsprint investment expected to exceed $109 million.
- Average newsprint prices are expected to remain above US$600 per tonne.
- Volume of newsprint shipments expected to increase slightly.
- Lumber production expected to be on par with last year.
- Lumber prices will remain low due to weakness in export markets.

Lumber Production

The Province's lumber industry exhibited rapid growth over the past decade. Sawmill production increased from 48 million board feet in 1989-1990 to a record 125 million board feet in 1999-2000. Oversupply in the U.S. market caused lumber prices to decline dramatically in the latter half of 2000, tempering production value despite higher volumes.

Industry growth over the past decade has been led by growth in export markets; higher prices; increased value-added production (e.g., hardwood flooring); new technologies (e.g., curf sawing); and fuller resource utilization (e.g., fibre exchange agreements with newsprint companies). Recent data indicates that the United States accounts for over 95% of exports with the balance destined for Europe, South America and Australia.

Eleven of the Province's largest sawmills have integrated their operations with newsprint producers through fibre exchange agreements. Each of the integrated mills has the capability to produce pulp chips from residue (i.e., slabs and edgings) which was traditionally discarded as wastage. Together, these 11 integrated mills produced 100 million board feet of lumber in 1999/2000, representing 80% of total production.

Community Profile—Grand Falls-Windsor

www.grandfallswindsor.com

Community Profile

Grand Falls was established as a "company town" in 1905 by the Anglo Newfoundland Development Company (ANDCo) as the site for the Province's first paper mill. In 1938, the neighbouring community of Windsor was founded on the perimeter of the ANDCo owned townsite. Grand Falls remained a "company town" until 1960 when Price Brothers and Company Limited acquired the newsprint mill. Today, the paper mill is owned and operated by Abitibi-Consolidated. In 1991, Grand Falls and Windsor amalgamated to form the current Grand Falls-Windsor municipality. Grand Falls-Windsor serves as the local service centre for over 29,000 people in the central region of the Province.

A Growing Industrial Base

Although newsprint remains the dominant industry and employer in the town, the economy is becoming increasingly diversified. For example, through its *Gateway to the New Millennium* economic development strategy, the town is pursuing new diversification opportunities in information technology (IT) and tourism.

Construction of the town's $1.8 million EXCITE Centre (Exploits Centre for Information Technology Excellence) began in Fall 2000. This 24,000 sq. ft. facility is designed to assist new and expanding IT firms by providing technical requirements and infrastructure needed to facilitate a clustering of IT companies in the region. The Centre is expected to generate 80 jobs and $3 million in wages by the end of 2001.

DP Solutions Inc., a North Carolina-based software company, will be the anchor tenant in the EXCITE Centre. The Company is developing its latest generation of an Internet-based asset management software at Grand Fall-Windsor and employs 50 people at this location.

The theme of the tourism industry in the area is *Exploit's Wild and Free*. The annual flagship event is the highly successful Exploit's Valley Salmon Festival, ranked among the top 100 annual events in North America by the American Bus Association. Other attractions include the Grand Falls Fishway and Salmonid Interpretation Center and the Corduroy Brook Walking Trail. Historical exhibits include the Beothuck Village, the Loggers' Museum at Beothuck Park, and the Mary March Museum. The area provides excellent salmon fishing opportunities, and many recreational opportunities including a challenging 9-hole golf course.

Community Indicators

	Town	Province
Population (1996)	14,295	551,795
Population Components[1] (1996)		
School Age Children	20%	21%
Prime Labour Force (ages 20-54)	52%	53%
Seniors	12%	11%
Education Attainment[2] (1996)		
Completed post secondary	45%	40%
High school/some post secondary	12%	15%
Less than high school	43%	45%
Income (1998)		
Median personal income	$16,100	$14,700
Average family income	$39,100	$36,500

1. Selected population components only.
2. Educational attainment of the population age 15+.
Source: Community Accounts database

Photo: Town of Grand Falls-Windsor
Salmonid Interpretation Centre

Mining

The Province's mining industry produces over a dozen mineral commodities and contributes significantly to the economy. The value of mineral shipments in 2000 totalled $972 million, an increase of 18% from 1999. As in previous years, iron ore accounted for over 90% of total shipment value. Other metals and non-metals (e.g., limestone, sand and gravel, dimension stone) accounted for the balance of shipments. Mining industry employment averaged 2,700 in 2000, on par with 1999.

Iron Ore

Iron ore production in 2000 totaled 22.3 million tonnes, the highest level since 1981 and an increase of 16.9% from 1999. Higher commodity prices boosted the shipment value of iron ore by 17.9% to over $900 million. Higher production and prices in 2000 were the result of improvements in the U.S. steel industry.

Gold

Almost 48,000 ounces of gold were produced in the Province in 2000. Richmont Mines Inc., the Province's only gold producer, mines and mills gold at its Nugget Pond operation on the Baie Verte Peninsula. Richmont Mines purchased a second gold property, Hammerdown, near King's Point in 2000 and began a test mining and milling program on this deposit.

Photo: Iron Ore Company of Canada
Outlook for the mining industry remains stable

Outlook for 2001

- Iron ore production is expected to grow modestly despite the current economic slowdown in the United States.
- Gold and silver output will increase due to the processing of a higher grade of ore.
- Pending environmental approval and positive results of a feasibility study, construction will begin at the Duck Pond copper and zinc deposit with the objective of beginning commercial production in 2002.
- Inco will continue its exploration program at Voisey's Bay.

The results obtained during this initial phase of development are encouraging and Richmont Mines has initiated the work required to develop an underground mine. Richmont Mines will make a decision regarding the commencement of commercial production at Hammerdown in the first quarter of 2001. If activated, ore from the Hammerdown property will be trucked to the Nugget Pond facility for processing.

Exploration

Exploration expenditures in 2000 totalled $23 million, down from $32.3 million in 1999 and $48 million in 1998. The majority of exploration activity on the Island is centred in the Buchans area and is directed at base-metal targets. In Labrador, activity is focused on nickel in the Voisey's Bay area and iron ore in western Labrador.

Voisey's Bay

Exploration expenditures at the Voisey's Bay deposit were estimated to be $8 million in 2000, down from $19 million in 1998. Total proven, indicated and inferred reserves are estimated at 136.7 million tonnes. No formal talks between the Province and Inco regarding the development of the Voisey's Bay deposit have been held since January 2000, however, the Province and Inco have recently indicated they are interested in re-opening discussions on the project.

Agrifoods

Farm cash receipts, defined as the value of production at the farm gate, totalled $73.3 million in 2000, down 6.1% from the record annual sales set in 1999. The reduction in farm cash receipts stemmed from a decline in receipts to chicken farmers due to industry restructuring. Sales of other farm produce, including dairy, cattle, floriculture and nursery, and vegetables exhibited positive growth with most categories posting record high values.

There has been significant growth in the agrifoods industry in recent years due to the development of specialty products and niche markets, increased secondary processing, increased export focus, and improved farm management and marketing skills. Farm sales increased by 3.0%, on average, during the 1990s led mainly by dairy, poultry and egg production.

Chicken Farming

Chicken production and processing constitutes the second largest sector of the provincial agrifoods industry behind dairy products. In 2000, this sector represented 20% of total farm cash receipts, or $15 million, and contributed close to $40 million to provincial retail sales. The industry is currently comprised of seven chicken farms and one processing facility, which combined, employ about 400 persons.

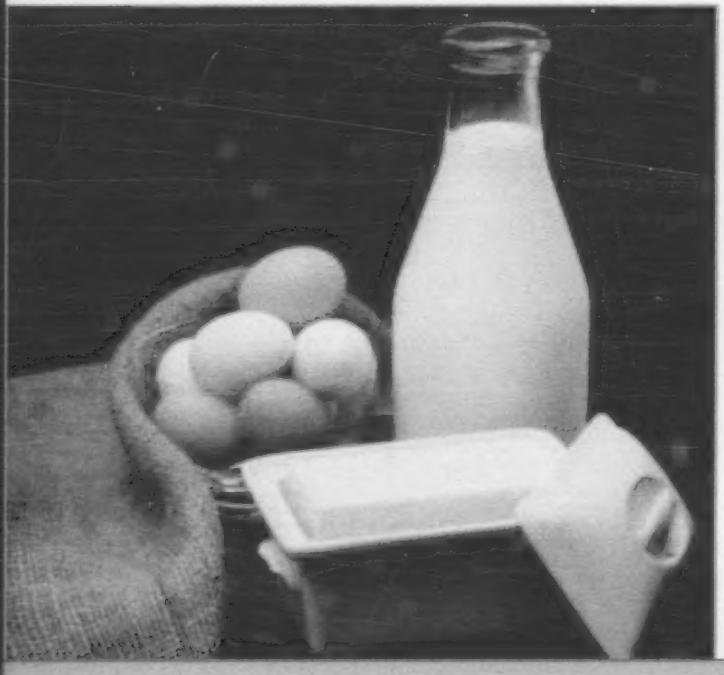
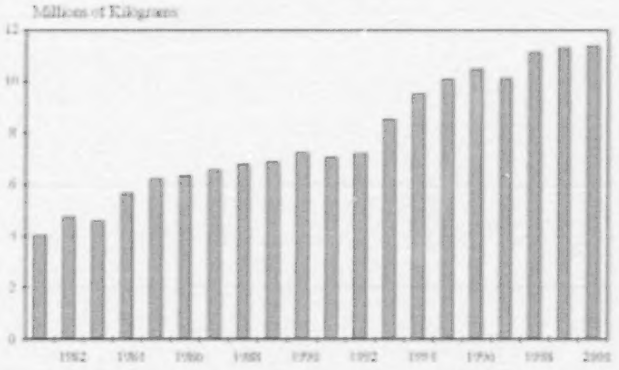


Photo: Department of Forest Resources and Agrifoods
Fresh farm produce

Chicken Production



Source: Statistics Canada

The chicken industry is regulated by the Newfoundland Chicken Marketing Board, a joint government-industry organization. The Board is responsible for setting licensing regulations and governing commercial production quotas in accordance with an interprovincial supply management agreement.

Production growth has been steady, averaging 5.6% per annum since 1981, reaching a record level of 11.4 million kilograms in 2000 (up 0.6% from 1999). Industry estimates indicate that local production meets about 55% of total local chicken demand.

The industry has undergone fundamental structural change over the past several years. Prior to 1997, the industry operated as a subsidized Crown Corporation, the Newfoundland Farms Products Corporation. In 1997, government divested ownership to Integrated Poultry Ltd. (IPL), a consortium of local chicken farmers. In 2000, the Atlantic Cooperative Alliance assumed control of IPL's assets and indicated its intention to invest about $3 million into the production facility with a view to improving efficiency and competitiveness.

Churchill River Power

Churchill River Power Project

Negotiations between Newfoundland and Labrador Hydro (NLH) and Hydro Québec (HQ) on the Churchill River Power Project resumed in the fall of 2000, following a pause during the summer. Since it was originally announced in 1998, the project has evolved into one with a reduced scope and a less complex commercial arrangement. These refinements have occurred as a result of commercial negotiations, and increased knowledge resulting from economic analysis, engineering, and environmental work. The Gull Island development remains the cornerstone of the project. With a remarkably small flooding footprint of 85 sq. km, Gull Island is one of the best undeveloped hydroelectric sites in North America.

The current proposal involves Newfoundland and Labrador ownership and operation of a new generation station at Gull Island and two 735 kv transmission lines in Labrador (Gull Island to Churchill Falls, and Gull Island to Québec). Negotiations are currently underway to sell the energy to HQ, but do not involve HQ as an equity partner in the Labrador development. It is proposed that HQ would be responsible for any new transmission capacity required in Québec.

With an estimated capital investment of approximately $4 billion in Labrador and production capacity of approximately 2,000 MW, this renewable energy development has the potential to contribute significantly to the provincial economy during both the development (proposed for 2004-2010) and production phases (anticipated to commence in 2010) of the project.

Progress has also been made in negotiations between NLH and the Innu Nation on an Impact and Benefits Agreement. The Province is committed to ongoing discussion and consultation with the Innu on the development.

Upper Churchill (Recall/GWAC)

In 1998, the Province exercised its right to recall the remaining 130 MW of power of the 300 MW available under the original Upper Churchill contract. Since 1998, NLH has realized approximately $68.5 million in profit from the sale of this power back to HQ. A new three year contract has recently been signed with HQ which will provide NLH with an estimated profit of $80 million over this term. NLH retains unlimited rights to recall the power to meet new domestic demand in Labrador.

In 1999, the Churchill Falls (Labrador) Corporation (CF(L)Co) and HQ executed the Guaranteed Winter Availability Contract (GWAC) to use an additional 680 MW of capacity from the Upper Churchill plant. As of January 31, 2001, CF(L)Co has earned revenues of $14.5 million from the GWAC contract. Total CF(L)Co revenues over the term of this contract (which expires in 2041) are estimated to be $1.5 billion. Newfoundland and Labrador's share of this total is estimated to be approximately $1 billion.

Source: Newfoundland & Labrador Hydro
Gull Island Development—Artist's Rendition

Real Gross Domestic Product By Industry
Newfoundland & Labrador, 1999

	$1992 Millions	% of Total
GOODS PRODUCING INDUSTRIES	2,737	29.0
PRIMARY	1,110	11.8
Agriculture & Related Services	33	0.4
Fishing & Trapping	95	1.0
Logging & Forestry	75	0.8
Mining, Quarrying & Oil Wells	907	9.6
MANUFACTURING	576	6.1
Fish Products	192	2.0
Newsprint	129	1.4
Other Manufacturing	256	2.7
CONSTRUCTION	568	6.0
ELECTRIC & WATER UTILITIES	483	5.1
SERVICES PRODUCING INDUSTRIES	6,695	71.0
TRANSPORTATION & STORAGE	484	5.1
COMMUNICATION	436	4.6
WHOLESALE & RETAIL TRADE	1,109	11.8
FINANCE, INSURANCE & REAL ESTATE	1,388	14.7
COMMUNITY, BUSINESS & PERSONAL SERVICES	2,350	24.9
Business Services	318	3.4
Health & Social Services	690	7.3
Educational Services	719	7.6
Accommodation, Food & Beverage	237	2.5
Other Service Industries	385	4.1
PUBLIC ADMINISTRATION	929	9.8
ALL INDUSTRIES	9,433	100.0

Notes: Based on the 1980 Standard Industrial Classification.

GDP is expressed at factor cost, measuring payments made to the owners of factor inputs used in production. This differs from GDP at market prices, as shown on page 5, which represents the market value of total production. The difference is attributable to indirect taxes and subsidies.

Newsprint estimates by the Economic Research and Analysis Division, Department of Finance.
Source: Statistics Canada; Economic Research and Analysis Division, Department of Finance

Photo: Department of Tourism, Culture and Recreation
In Newfoundland tartan kilts, the famous St. Pat's Dancers perform in front of Cabot Tower

Photo: Brian C. Bursey
Lighthouse at Redmonds Head, Bell Island

Major Projects

Project	Capital Cost ($Millions)	Start/End Date	Zone	Comments/Location
COMMERCIAL/RESIDENTIAL				
Adult Community Living	50.0	1996/08	19	Karwood Estates - construction of a self-contained adult (40+) community, including houses, apartments, recreational infrastructure, medical facilities and retail space. Situated on a 73 acre development. $2 million to be spent in 2001. (Paradise)
Building Redevelopment	4.0	2000/01	19	Nolan Hall Real Estate Services Ltd., in conjunction with Project Management & Development Ltd. - refurbishment and revitalization of the 1912 King George V Building into either a boutique hotel or condominium complex. (St. John's)
Condominium Development	3.5	2000/01	19	North Island Resorts Limited - construction of *The Palisade*, will include 16 suites, an underground parking garage, and commercial space. (St. John's)
Cottage Development	5.5	2001/05	19	North Island Resorts (LC) Limited - construction of 50-60 outport-style oceanview cottages. (Lance Cove, Bell Island)
Home Improvement Store	5.0	2001	19	Kent Home Improvement - 100,000 sq. ft. retail store. Capital cost figure estimated by the Department of Finance. (Mount Pearl)
Housing & Development	6.4	2001/02	N/A	Newfoundland and Labrador Housing Corporation - includes $2.5 million in non-profit housing modernization, and $3.9 million in land development. (Various locations)
Maintenance/Office Building	2.0	2001	19	St. John's Port Authority - construction of a combined maintenance/office building to accommodate equipment repair and offices for Oceanex. (St. John's)
Provincial Home Repair Program	10.2	2001/02	N/A	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low-income households with home repairs. Federal/Provincial cost-shared. (Various locations)
Retail Outlet	4.5	2001	9	Canadian Tire Corporation - construction of a 30,000 sq. ft. store. (Stephenville)
Sango Bay Relocation Project	112.5	1997/02	1	Relocation of the Innu community of Davis Inlet to Sango Bay. To date, $66 million has been spent. $30 million anticipated for the 2001 construction season. Federal funds. (Sango Bay)
Seniors' Complex	4.0	1996/01	14	Central Seniors Developments Ltd. - project includes the construction of condominiums and apartments as well as general use rooms for all occupants. (Gander)
Seniors' Complex	6.5-7.0	2001/03	19	Frank in the Box Limited - construction of 65 to 70 housing units. Projected expenditures of $1.7 million in 2001. (St. John's)

Major Projects

Project	Capital Cost ($Millions)	Start/End Date	Zone	Comments/Location
EDUCATION				
College Refurbishment	2.1	2001	8	Memorial University of Newfoundland - includes exterior refurbishment and general upgrading of Sir Wilfred Grenfell College. Expenditures cover approved funding only. Provincial funds. (Corner Brook)
Earth Sciences Exhibit Facility	9.4	2000/01	19	Johnson Family Foundation - construction of the Geo Centre, a 30,000 sq. ft. underground exhibit facility at Signal Hill showcasing the geological history of the Province. Federal government ($3.4 million) and Johnson Family Foundation. (St. John's)
Exhibition Centre	4.0	2001/02	8	Memorial University of Newfoundland - construction of a new cultural exhibition centre at Sir Wilfred Grenfell College. Provincial funds. (Corner Brook)
Field House Complex & Link to Aquarena	13.0	2000/01	19	Memorial University of Newfoundland - this facility will contain state-of-the-art health, fitness and recreational equipment and related infrastructure. Memorial University Opportunity Fund and Provincial Government 50/50 cost-shared. (St. John's)
Marine Research Centre	3.3	2000/01	7	Memorial University of Newfoundland - construction of a new marine biology research facility in Bonne Bay. Funded by the Atlantic Canada Opportunities Agency. (Norris Point)
Relocation of Medical Lab	7.6	2001/02	19	College of the North Atlantic - relocation of the medical lab program from the Topsail Road campus to the Prince Philip Drive Campus including library and classroom space. Provincial funds. (St. John's)
School Construction	160.0	1997/03	N/A	Activity includes the construction of new educational facilities and renovations, extensions and purchasing of equipment for existing facilities. Funded provincially through the Newfoundland and Labrador Education Investment Corporation. (Various locations)
Student Residences	7.5	2001/02	8	Memorial University of Newfoundland - construction of residences for Sir Wilfred Grenfell College. Includes accommodation and conference facilities. Provincial contribution of $3.0 million, University contribution of $4.5 million. (Corner Brook)
Training Facility	5.0	2000/02	19	Memorial University of Newfoundland - a specialized facility to provide training related to offshore development. Funded through the Offshore Development Fund ($3.0 million), Memorial University ($1.0 million) and private investment ($1.0 million). (St. John's)

Major Projects

Project	Capital Cost ($Millions)	Start/End Date	Zone	Comments/Location
ENVIRONMENTAL				
Environmental Clean-up	81.0	1996/04	18	Clean-up of the former U.S. Naval Base. $15 million in 2001-2002. Federal funds. (Argentia)
Environmental Clean-up - Phase II	1.2	2001/04	9	Project involves treatment of contaminated soil at the former U.S. radar site at Table Mountains. Federal funds. (Stephenville)
Environmental Improvements	70.0	1999/04	15	North Atlantic Refining Ltd. - productivity and environmental improvements including reducing sulphur dioxide emissions. (Come By Chance)
Mine Site Decommissioning & Environmental Restoration	10.0-14.0	2001/03	10	Clean-up and restoration of the former Hope Brook Gold Mine Site. Provincial funds. (Hope Brook)
FORESTRY				
Forest and Agriculture Resource Roads	2.4	2001/02	N/A	Construction of access roads on Crown land. Provincial funds. (Various locations)
Hydroelectric Construction & Refurbishment	65.0	2001/03	12	Abitibi-Consolidated Ltd. - construction of a 27 megawatt generating station at Grand Falls and replacement of turbines at the Bishop's Falls facility. Project is in planning stages, pending management approval. (Bishop's Falls & Grand Falls-Windsor)
Paper Mill Expenditures	1.6	2001	9	Abitibi-Consolidated Ltd. - general upgrades/value creation. (Stephenville)
Paper Mill/Hydroelectric Expenditures	2.4	2001	12	Abitibi-Consolidated Ltd. - $1.8 million to be spent on mill upgrading, $600,000 on hydroelectric development. (Grand Falls-Windsor)
Paper Mill/Hydroelectric Expenditures	36.1	2001	8	Corner Brook Pulp and Paper Limited - various projects, including mill capital projects and Deer Lake hydroelectric power expenditures. (Corner Brook & Deer Lake)
Woodlands Expenditures	3.5	2001	N/A	Corner Brook Pulp and Paper Limited - construction of forest access roads. (Various locations)
HEALTH CARE/LONG TERM CARE				
Health Care Facilities	150.0	1993/04	N/A	Funding covers a variety of construction and redevelopment projects throughout the Province. Expected expenditures for the 2001/2002 fiscal year are $42.0 million. Funded by the Province, and Federal Business Immigration Program and savings financing. (Various locations)

Major Projects

Project	Capital Cost ($Millions)	Start/End Date	Zone	Comments/Location
Health Care Related Facilities	3.5	2000/02	19	Health Care Corporation of St. John's - various projects including a new Janeway hostel (slated for completion in 2001) and a breast health centre at St. Clare's Mercy Hospital (scheduled for completion in 2002). (St. John's)
Redevelopment of St. John's Hospitals	136.8	1996/01	19	Health Care Corporation of St. John's - a variety of projects including renovations to the Health Sciences Centre and St. Clare's Mercy Hospital, construction of a new Janeway Hospital for Children, and related expenditures. Project scheduled for completion in first half of 2001. (St. John's)
INDUSTRIAL/MANUFACTURING				
Aquaculture Expansion	6.0	2001	13	NLDC Aquaculture Corporation - expenditures aimed at increasing salmonid production in the Bay d'Espoir area (Zone 13, $3.0 million) and building cod hatcheries (Various locations, $3.0 million).
Brewery Upgrade	9.0	2000/01	19	Labatt Brewing Company Ltd. - investment in brewery infrastructure. (St. John's)
Building Retrofit	1.3	2001	19	Griffiths Guitars International Ltd. - construction of a high-tech acoustic guitar factory in Donovan's Industrial Park with initial capacity of 15,000 guitars per year. Partial funding from the Atlantic Canada Opportunities Agency, the Newfoundland Industrial Development Corporation, Human Resources Development Canada, and the National Research Council. (Mount Pearl)
Equipment Upgrade	2.0	2000/02	17	Terra Nova Shoes Ltd. - modernization of manufacturing equipment to improve efficiency and flexibility. (Harbour Grace)
Fish Processing Facility	7.0	2000/01	4	Labrador Fishermen's Union Shrimp Company and Barry Group Inc. - construction of a new shrimp peeling plant. (Charlottetown)
International Manufacturing Centre	20.0-25.0	2001/04	19	Newfoundland & Labrador Development Corp. - construction of an industrial park capable of supporting five manufacturing/ assembly plants. To be located near amenities and infrastructure. (Avalon Peninsula)
MINING				
Base Metals Mine	80.0	2001/02	12	Thundermin Resources Inc. and Queenston Mining Inc. - construction of a mine and mill. Mine would operate for 10 years at a production rate of 540,000 tonnes per year. (Duck Pond)

Major Projects

Project	Capital Cost ($Millions)	Start/End Date	Zone	Comments/Location
Dimension Stone Plant	1.5	2001	1	Labrador Inuit Development Corporation (LIDC) - construction of a stone plant for undersized dimension stone to manufacture monuments and custom products. Funded by Human Resources Development Canada, Industry Canada, the Atlantic Canada Opportunities Agency and the LIDC. (Hopedale)
Dimension Stone Processing Facility	19.3	2001	18	Epoch Rock Inc. - construction of a large and modern stone processing facility to cut granite into slabs for export. Support from the Department of Industry, Trade and Rural Development, Department of Mines and Energy and the Argentia Management Authority. (Argentia)
Gold Mine	4.7	2001	11	Richmont Mines Limited - development of an underground gold mine at the Hammerdown deposit. Ore from the site will be transported to Nugget Pond for milling and refining. (Near King's Point)
Horticultural Peat Quarry	1.0	2000/01	14	Hi-Point Industries (1991) Ltd. - establishment of a horticultural peat quarry near Gander Bay Road. (Gander)
MUNICIPAL INFRASTRUCTURE				
City Hall	3.0	2000/01	19	City of Mount Pearl - construction of an extension to the current city hall. The building will be designed to accommodate all city departments and includes construction of a clock tower. Municipal funds. (Mount Pearl)
Infrastructure Canada-Newfoundland Agreement	153.7	2000/06	N/A	Program to assist municipalities in construction of local infrastructure. Projected expenditures for the 2001 fiscal year estimated at $30 million. 1/3 Federal funds, 2/3 Provincial/ Municipal cost-shared according to municipal financial capacity. (Various locations)
Multi-Year Municipal Capital Works Program	106.0	1999/02	N/A	Program to assist municipalities in construction of local infrastructure. Provincial/Municipal 50/50 cost-shared program. (Various locations)
OIL AND GAS				
Garden Hill Oil & Gas	5.0-10.0	2001	9 & 19	Canadian Imperial Venture Corp. - figures cover the company's 2001 budget and include drilling, seismic data collection and production battery. (Port au Port & St. John's)
Terra Nova Oil Development	2,500.0	1997/01	N/A	Terra Nova Project - expenditures cover the pre-production phase of the development. Includes the construction of the production vessel and topsides for the vessel; excavation of glory holes; drilling; fabrication and installation of subsea system; and hook-up and commissioning of vessel. Owners have indicated recently that costs could increase by up to 15% above stated value. (Various locations)

Major Projects

Project	Capital Cost ($Millions)	Start/End Date	Zone	Comments/Location
White Rose Oil Development	1,769.0	2000/04	N/A	Husky Oil Limited and Petro-Canada - figures are pre-production capital only. Includes the construction of production vessel and modules for vessel; excavation of glory holes; drilling; fabrication and installation of subsea system; and hook-up and commissioning of vessel. Figures in constant 2000 dollars. (Various locations)
TOURISM/CULTURE/RECREATION				
Arena Construction	1.8	1997/01	14	Construction of an indoor hockey arena. Provincial/Municipal cost-shared. (Glovertown)
Boathouse Refurbishment	1.4	2000/01	19	Royal St. John's Regatta Committee - renovation of the existing boathouse at Quidi Vidi Lake used for the annual Royal St. John's Regatta. Funding from the Provincial and Municipal governments and the Regatta Committee. (St. John's)
Integrated Snowmobile Trails	6.8	1999/02	N/A	Includes trail development and improvement, erection of signage and the purchase of grooming machinery. Funding provided by the Strategic Regional Diversification Agreement, Canada/Newfoundland Labour Market Development Agreement and the Economic Development Component of the Fisheries Restructuring and Adjustment Initiative. (Island of Newfoundland)
Interpretation Centre & Vessel Replica	4.4	1997/01	15	The Matthew Legacy Inc. - construction of the *Matthew* replica, a facility to house the vessel during the fall and winter seasons, and other amenities associated with the exhibit. (Bonavista)
Marina Expansion	2.0-2.5	2001/03	19	North Island Resorts (LC) Limited - expansion of the current marina facility, as well as construction of a community centre, tennis courts and swimming pool. Pending successful application for government funding. (Lance Cove, Bell Island)
Labrador Integrated Trails - Snowmobile Phase II	2.3	2001	1, 3 & 4	Phase II - continuing development of an integrated winter trail system in Labrador. The majority of spending will go towards the creation of a trail on the north coast from Rigolet to Nain. Funding from the Comprehensive Economic Development Agreement ($2 million) and the Strategic Regional Development Agreement. (Labrador)
Provincial Archives, Museum & Art Gallery	40.0	2000/03	19	"The Rooms" will be a permanent home for provincial artifacts, archival materials and local art. The new building will be over 150,000 square feet including exhibition galleries, meeting rooms, lecture halls, a multi-media centre, a full service dining room and a gift shop. (St. John's)
Resort & Golf Course	15.0	2000/02	8	Humber Valley Resort Corp. - construction of a 243 hectare, 300 chalet resort and 18 hole golf course on the north side of the lower Humber River. Figures are for near-term spending. Full development cost estimated at approximately $80 million. (Deer Lake)

Major Projects

Project	Capital Cost ($Millions)	Start/End Date	Zone	Comments/Location
Stadium & Convention Centre	39.8	1998/01	19	St. John's Civic Centre Corporation - includes a spectator facility and a convention centre. Funded by the City of St. John's ($17.9 million), Provincial government ($17.9 million) and Federal government ($4 million). (St. John's)
Walkway Network	7.4	2001/03	19	Grand Concourse Authority - the continuation of an elaborate walkway system, including associated infrastructure. Funded by members of the Grand Concourse Authority, the Johnson Family Foundation, and Federal, Provincial and Municipal governments. (St. John's, Mount Pearl & Paradise)
TRANSPORTATION/DEFENCE				
Airbase Expansion	20.0	2001/03	3	5 Wing Canadian Forces Base Goose Bay - upgrading and construction of hangar, accommodations and related facilities to accommodate the Italian Air Force. Funded by the Italian government. (Goose Bay)
Airport Construction Program	48.0	1999/02	19	St. John's International Airport Authority - construction and retrofit of the existing terminal complex, including expansion of commercial space. Construction includes an $8 million rehabilitation of runway (already completed). Federal funds and St. John's International Airport Authority. (St. John's)
Airport Upgrade	3.3	2000/01	9	Stephenville Airport Corporation - project includes installation of new approach lighting systems, runway resurfacing, the purchase of new landing system equipment, repairs to taxiways, and replacement of hazard beacons. Support from the Federal Airports Capital Assistance Program and the Canadian Transportation Agency. (Stephenville)
Communications Tower Replacements	1.6	2000/02	N/A	Canadian Coast Guard - Fisheries and Oceans Canada - reconstruction of communications towers. Figures cover expenditures approved to date. Federal funds. (Various locations)
Exterior Building Refit	2.6	1999/03	19	Canadian Coast Guard - Fisheries and Oceans Canada - renovations and rehabilitation to improve Southside Base facility condition and operation. Federal funds. (St. John's)
Ferry Wharves Improvements	3.0	2000/02	19	Upgrading of the Bell Island ferry wharves. Expenditures for the 2001/2002 fiscal year targetted at $2 million. Provincial and federal funds. (Bell Island)
Hangar Extension	3.0	2000/01	14	Canadian Forces Base Gander - extension to search and rescue hangar. Construction of a new bay for storage of helicopters. Federal funds. (Gander)
Harbour Development	10.0	2001/02	N/A	Fisheries and Oceans Canada - an ongoing program of small craft harbour maintenance, repair and replacement of wharves, breakwaters, slipways and other marine infrastructure. Federal funds. (Various locations)

Major Projects

Project	Capital Cost ($Millions)	Start/End Date	Zone	Comments/Location
Labrador Transportation Initiative	190.0	1997/03	2, 3, 4 & 5	Work includes upgrading of the Labrador West to Happy Valley-Goose Bay highway (completed), as well as highway construction from Red Bay to Cartwright. Project also includes a $6 million allocation to the Northern Coastal Labrador Strategic Initiative. Projected expenditure for the 2001/2002 fiscal year is $43 million. Provincial funds. (Labrador)
Lightstation Revitalization Program	19.5	1999/04	N/A	Canadian Coast Guard - Fisheries and Oceans Canada - the repair and renovation of up to 24 lightstations. Federal funds. (Various locations)
Newfoundland Transportation Initiative	640.0	1988/03	N/A	Expenditures targetted towards upgrading the Province's highway transportation infrastructure. Expenditures for the 2001/2002 fiscal year are targetted at $50.3 million. Federal funds. (Various locations)
Pier 17 Reconstruction	10.0	2001/02	19	St. John's Port Authority - a state-of-the-art 150,000 sq. ft. multi-use facility equipped to meet current general needs as well as future oil and gas related requirements. (St. John's)
Roads Improvement & Construction	24.0	2001/02	N/A	A variety of projects undertaken to maintain roads, bridges and causeways. Approximately $2 million of this cost is allocated for environmental assessment and preliminary design related to the Long Island Causeway. Provincial funds. (Various locations)
Wharf Reconstruction	6.8	1998/02	19	Canadian Coast Guard - Fisheries and Oceans Canada - reconstruction of a 152 metre wharf to improve facility performance and operation at Southside Base. Federal funds. (St. John's)
UTILITIES				
Churchill River Power Project (Gull Island)	4,000.0	2004/10	2 & 3	Newfoundland and Labrador Hydro - the project configuration has evolved as a result of the commercial negotiations, economic analysis and engineering and environmental work that has been completed. The re-optimized, smaller development is more viable and includes a 2,000 MW power plant located at Gull Island and transmission lines from Labrador into Québec. (Various locations in Labrador & Québec)
Electrical Utility Capital Expenditures	85.3	2001	N/A	Newfoundland and Labrador Hydro - includes upgrades and improvements to transmission lines and distribution systems, improvements to generating facilities, purchase of new equipment and 2001 expenditures on the Granite Canal hydroelectric project ($30.5 million). (Various locations)
Electrical Utility Capital Expenditures	39.1	2001	N/A	Newfoundland Power Inc. - figures include capital expenditures for distribution, energy supply, substations, general property, telecommunications and various other projects. (Various locations)

Major Projects

Project	Capital Cost ($Millions)	Start/End Date	Zone	Comments/Location
Telecommunications/IT	105.0	2001	N/A	Aliant Inc. - expenditures related to telecommunications and information technology improvements. Aliant Inc. was formed from the merger of Bruncor Inc., Island Telecom Inc., Maritime Telegraph and Telephone Company Limited and NewTel Enterprises Limited. (Various locations)
OTHER INVESTMENT				
Building Renovations	1.4	2001	19	Renovations to house the Human Resources Development Canada employment centre. Federal funds. (St. John's)
Canada-Newfoundland Agreement on Economic Development	81.3	1999/02	N/A	Refers to the Canada - Newfoundland Agreement on the Economic Development Component of the Canadian Fisheries Restructuring and Adjustment Initiative. The $81.3 million figure includes non-capital spending. 80/20 Federal/Provincial cost-shared. (Various locations)
Canada-Newfoundland Comprehensive Economic Development Agreement	95.0	1997/03	N/A	An agreement to capitalize on opportunities within strategic growth sectors. Examples include technology development investment, export trade and marketing, tourism development, and cultural initiatives. 70/30 Federal/Provincial cost-shared. (Various locations)
Northern Coastal Labrador Strategic Initiative	23.0	2000/03	1	Expenditures aimed at providing and upgrading the basic infrastructure of Northern Labrador communities in the areas of housing ($7.7 million), roads ($6.0 million), water and sewer servicing ($9.0 million) and wharf upgrading ($0.3 million). Housing expenditures funded provincially, road upgrading funded through the Labrador Transportation Initiative, water and sewer servicing funded through the Federal/Provincial Inuit Communities Agreement. (Northern Labrador Coastal Communities)
RCMP Capital Program	3.6	2001/02	N/A	Royal Canadian Mounted Police - housing construction and building upgrades as well as engineering related to construction of a new district office in Holyrood. (Various locations)
Relocation of Laboratories	2.0	2001	8	Capital expenditures associated with the relocation of Wildlife and Agrifoods laboratories associated with regionalization of government services. Provincial funds. (Corner Brook)

Note: Major projects included in this report must have an estimated capital cost of $1 million or more.